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NEWS SUMMARY

GENERAL

Bessell 'tried to foil Thorpe'

Former Liberal MP Peter Bessell told a court yesterday that he carried out an elaborate charade to try to stop Mr. Jeremy Thorpe's alleged plot to murder Mr. Norman Scott.

The plan was to convince Mr. Thorpe that Mr. Scott had been lured to America but it was impossible to kill him there, he told the second day of the committal hearing in Minehead, Somerset. He had staged the ruse with financier David Holmes.

The prosecution alleged that Mr. Thorpe plotted the death because he feared that a previous homosexual affair with Mr. Scott would damage his political career.

Those accused of conspiracy with Mr. Thorpe are Mr. Holmes, *Mr. George Deakin, and Mr. John* Le Mesurier, two Welsh businessmen. The case continues.

Pit deaths probe

The pit accident which killed seven miners and injured 17 at Bentley colliery, south Yorkshire, will be fully investigated, the Energy Under-Secretary told the Commons. One MP said *meeting productivity targets may* have played a part in it. **Page 12**

Israel agrees

Israel is ready to sign a peace treaty with Egypt, but only on the basis of the draft drawn up *in Washington at the end of* last month, it was announced in Tel Aviv. Cairo is recalling its head of delegation in the U.S. for consultation. **Back Page**

Road tax to go

The £50 road fund licence is to be phased out by 1983 and the price of petrol gradually increased to make up for the loss of revenue. **Back, Pages 10 and 12**

Jails threatened

Britain's jails have been brought "close to the brink of a real catastrophe" by the breakdown of prison service industrial relations, *Home Secretary Merlyn* Rees told a conference of the Boards of Visitors.

Bomb kills 20

At least 20 Syrian troops were killed when a bomb blew up a *bus carrying members of the* Arab League peace force in Lebanon, a Right-wing Falangist Party broadcast reported.

Mrs. Gandhi guilty

Mrs. Indira Gandhi, former *Indian Prime Minister, was found* guilty of breach of privilege and contempt of parliament for blocking an official inquiry into a car *company owned by her son,* Sanjay. **Page 6**

Arms for China

Britain will consider selling arms to China on a case-by-case basis only and did not intend to become the sole supplier of weapons, the assembly of seven-nation Western European Union was told. **Page 5, Editorial comment Page 18**

Murder charge

A Spanish waiter has been charged with murder after British tourist Marion Docherty, of Glasgow, was found battered to death on Tuesday in Majorca.

EEC elections

President Giscard d'Estaing said that France would not yet consider any increase in the powers of the European Parliament, due to be directly elected next June. **Page 3**

Briefly . . .

Algerian President Boumedienne *is in a coma and said to be very* seriously ill. U.S. military doctors are treating him.

Japanese air hostesses grounded more than 100 flights in a dispute over scantily clad passengers in their sleeper service Jumbo jets.

South African Ministers will no longer be able to serve as directors of newspaper groups. **Page 6**

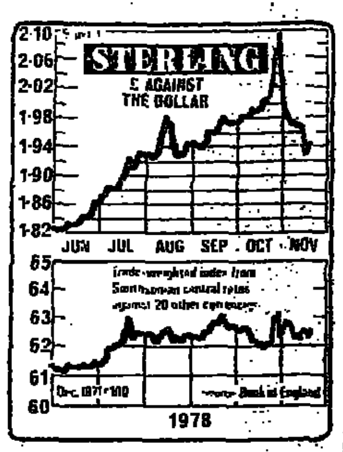
BUSINESS

Equities rally; Pound up 1.05c

● **EQUITIES benefited from a technical rally and from the news from Ford. The FT ordinary index closed 5.2 up at 474.0 in small business.**

● **GILTS gained in shorts and longs and the Government Securities index closed 0.22 up at 68.19.**

● **STERLING rose 1.05c to $1.9455 and its index rose to 62.5 from 62.2. The dollar's**



depreciation widened to 8.5 per cent (8.4) as it lost ground against European currencies.

● **GOLD rose $½ to $200¼ in London, and in New York the Comex November settlement price was $197.50 ($197.90). *The U.S. Treasury raised nearly* $150m at its monthly gold auction.**

● ***WALL STREET closed* 1.56 off at 804.05.**

● **CONOCO**, like Esso and Shell, *is showing its dissatisfaction with* Government offshore oil policy by largely refusing to bid for blocks in the sixth licensing *round.* **Page 10**

● **SANCTIONS** against Ford are to be discussed *tomorrow* by the *Cabinet if mass meetings of the* 57,000 strikers today accept the company's 17 per cent offer. **Back Page**

The U.S. parent company has said that the UK strike may have reduced the fourth quarter earnings by up to $175m **(Page 34).**

● **SOUTH WALES** area of the National Coal Board lost £27m last year and is to be investigated by a Government-appointed commitee. This year's deficit is expected to be larger still. **Back Page**

● **GOVERNMENT** has been accused by the CBI of using the £64m State-administered Redundancy Fund to finance public sector borrowing. **Page 10**

● **TRUSTEE SAVINGS BANKS** are to inject £200m a year into a new home loans scheme which is expected to bring the TSBs into direct competition with the banks. **Page 7**

● ***EEC Commission*** is to reduce subsidies paid on Danish, Dutch and Irish bacon sales, a move which will benefit the UK bacon industry. **Page 39**

● **BAYER**, one of West Germany's big three chemicals concerns, reports that while volume output for the parent company rose by 4 per cent during the first three-quarters of the year, cash turnover dropped by 0.6 per cent to DM 7.56bn and pretax profits by 4.7 per cent to DM 526m. **Page 35**

COMPANIES

● **ALLIED BREWERIES** pretax profits for the 53 weeks to September 30 rose to a record £90.2m against £77.2m on second *half profits boost from £37.8m to* £45.1m. **Page 29 and Lex**

● **REARDON SMITH** Line *reports a pretax loss for the six* months to September 30 of £1.77m against a loss of £2.82m last time on turnover down from £12.78m to £10.38m. **Page 28**

● **BROOKE BOND LIEBIG** is to go ahead with its £20m takeover of Bushells Investments—the *Australian government has with*drawn its opposition. **Page 30**

EEC may be ready to approve £85m shipyard aid fund

BY GILES MERRITT: BRUSSELS, November 21

The long-delayed approval by the EEC Commission of the Government's £85m direct aid fund for British Shipbuilders is expected to be granted shortly.

But EEC permission for the subsidies that will enable British Shipbuilders to begin work on contracts worth an estimated £160m is likely to be given only on condition that a set of stringent restructuring measures is accepted and put into effect immediately.

It is understood that a letter giving the EEC Commission's consent to use of the special intervention fund for British Shipbuilders is to be sent within a week, following a formal decision by the 13-man Commission.

Although it had originally been expected that Brussels would permit the latest phase of the Government's direct aid to shipbuilding back in August, negotiations over the restructuring conditions being imposed has delayed agreement until now.

The EEC Commission's forthcoming decision to allow use of the £85m fund is, in effect, no more than a temporary waiver of its rules governing State aid, for the permission expires at the end of this year. Further subsidies during 1979, it is indicated here, will only be permitted after Britain's completion of a major restructuring plan for the shipbuilding industry and its acceptance by the Brussels Commission.

Details of the interim conditions that Brussels has demanded in return for "unfreezing" the £85m intervention fund are not yet known, although it is clear that the Commission is more concerned to agree on reduced production capacity, while British Shipbuilders has so far limited its known proposals to *cutting its workforce.*

There are suggestions inside the Commission, however, that some of the EEC Regional Fund resources that are in future to be disbursed by the Commission independently of national projects might be channelled to distressed shipbuilding regions inside the Community.

The proposals are still at an early stage, but Commission officials are discussing schemes for using some of the funds of more than £20m, that will comprise the 5 per cent of the Regional Fund to be released from national quotas, for establishing alternative activities in such areas, Clydeside being one of the regions mentioned.

The problem surrounding the special intervention fund concerns the degree to which it cuts across the Community's rules on unfair competition. While the original £65m fund that last year enabled British Shipbuilders to win its controversial Polish ship*building order was allowed, new* EEC rules introduced in the form of the Fourth Directive on Competition Policy at the end of *last March specifically ban such* subsidies.

Bank and Savill Line is to cancel letters of intent with British Shipbuilders for container ships worth £36m if *the Government fails to win* EEC approval for use of the shipbuilding intervention fund to subsidise the order. Page 7

Lynton McLain writes: Full-scale work on up to eight ships in *British Shipbuilders'* yards is awaiting the EEC Commission's approval.

The vessels include the £60m emergency offshore support vessel announced in mid-August to be built for BP by Scott Lithgow on the Lower Clyde. But this and other ships, including three for the highly successful Austin and Pickersgill yard on the Wear at Sunderland, have not been entered in the nationalised corporation's order-book.

Customers have refused to sign contracts for the vessels until the Commission's intentions over the intervention fund became clearer. No contracts for new ships were signed with British Shipbuilders during the months after the fund was announced.

Metal Box to raise £35.9m for UK and foreign growth

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

METAL BOX announced yesterday that it is raising £35.9m on the stock market to finance expansion plans at home and overseas.

A major part of the proceeds of the rights issue will go toward installing extra capacity in the UK for production of two-piece cans where Metal Box aims to hold on to its market lead in the face of increasing competition.

The terms of the new issue are one for four. The price will be 250p against a closing price yesterday of 312p. The Treasury has given consent for the company to increase its final dividend by 20 per cent.

Sir Alex Page, the chairman of Metal Box, said that it had not yet been decided where the four new production lines for two-piece cans would be built. It is unlikely that they will result in new jobs, as they will probably supplant existing lines producing the traditional three-piece can.

Metal Box's decision to increase its capacity in two-piece cans comes at a time when the market for this product is at an interesting stage of development.

Demand for food cans is more or less static, but that for beverage cans, both for soft drinks and beer, is growing at the rate of about 6 per cent a year.

Much of the demand is for two-piece beverage cans. This type of can consists of a seamless container with an integral bottom instead of the traditional seamed tube with a separate top and bottom.

A new competitor in this field is the Continental Can Company, the newly formed UK subsidiary of the American Continental Group.

Continental's entry into the UK market came about as a result of renegotiation last year of the agreement between Metal Box and the Continental Group, under which the two companies relinquished their rights not to compete in each other's markets.

Last month the U.S.-owned group announced that it was planning a £15m investment in two-piece can production in this country, probably in North Wales.

The month before Reads, owned by American Can, announced that it would spend £10m on a similar investment in Britain.

Metal Box has taken advantage of the renegotiation of its agreement with the Continental Group by co-operating with Standun to build a plant in California supplying beverage cans to Pepsi-Cola. It is diversifying into other packaging products by making a £12.5m offer for the Risdon Manufacturing Company of Connecticut.

It would probably have preferred to take its two-piece can development programme somewhat more slowly than competition has dictated.

The group came up against labour disputes at several of its plants earlier this year, including those at Glasgow and West-

Continued on Back Page

Details, Page 28; Lex, Back Page
Metal Box and Kirkby Co-op. Page 10

German steelmen vote to strike

BY GUY HAWTIN — FRANKFURT, Nov. 21.

WEST GERMAN steelworkers voted overwhelmingly today for strike action in support of demands for a 5 per cent pay increase and a 35-hour working week.

Their action followed deadlock in negotiations with employers over next year's wages and conditions.

Officials of the I.G. Metall metalworkers' trade union announced that just under 87 per cent of its 200,000 members in the industry had voted for strike action. The union's membership is spread throughout plants in North Rhine-Westphalia, Osnabruck and Bremen.

The key question separating employers and unions is not the 5 per cent increase—which is widely regarded as being relatively moderate—but the 35-hour week.

Workers in the industry are employed on a 40-hour week basis and the employers argue that introduction of a 35-hour week would lead to a big increase in costs at a time when the industry is doing very badly. Demand for the industry's products has been very slack for *the past two years and levels of* capacity utilisation at most plants has been uneconomically low.

Feelings are running very high *among steelworkers, most of* whom have been on short-time working for up to two years. They believe that a 35-hour work*ing week will not only eliminate* the need for most short-time working but will increase employment.

Employers, who can see no early improvement in the industry's fortunes, are fiercely resisting the union's demands. A 35-hour working week represents a 12½ per cent reduction in current work time, but could well add far more to personnel costs.

*If the shortening of the work*ing week led, for instance, to an increase in the numbers employed in the industry, employers *would have to grant the newly*-engaged men fringe benefits which can frequently add up to as much as their cash salaries.

The employers argue that this could worsen the industry's competitiveness at a time when imports are making big inroads *into the steelmakers' domestic* market. Imports this summer reached a record level of more than 40 per cent of West German steel *consumption.*

Sterling support package to lapse

BY PETER RIDDELL

THE TREASURY pronounced the last rites yesterday on the financial support package arranged by Britain during the sterling crisis of late 1976. The $3.9bn standby credit from the International Monetary Fund and the $3bn Basle central bank faci*lity will lapse early next year.*

That was announced last night in a Parliamentary written answer and is largely a formality since no drawings have been made on the IMF loan for more than a year and the Basle facility has never been used.

The end of the IMF Standby means that the terms and conditions, agreed in December 1976 and reviewed last May, will also lapse.

That, however, will have little practical significance, since the fund's guidelines have effectively been superseded by the Government's targets, notably for the growth of the money supply.

The confirmation that the IMF credit and the Basle facility will lapse on the due dates, in January and February respec*tively, symbolically closes a* chapter on Britain's attempt to restore its external financial position, since the loans contributed *to the improvement in confi*dence in sterling.

The UK drew roughly half of the original $3.9bn IMF loan and has started to repay part of that and other loans before the due dates. After about $2bn of prepayments, the UK still has to repay the fund $2.44bn by the early 1980s.

The $3bn Basle facility was *arranged to safeguard Britain's* reserves against any further large-scale withdrawal of the sterling balances of official holders, *which contributed signi*ficantly to sterling's difficulties during 1976.

However, that proved unnecessary, *because of the general* revival of external confidence in the UK and because the official sterling holdings had largely *been reduced to the level of* working balances.

Thus the balances have remained about their level at the end of 1976, after adjusting for the issue of foreign currency bonds to official holders.

Moreover, the facility could in general only be used if the official reserves were below $6.75bn, but that level was passed within *weeks of the Basle agreement* and the reserves are now more than twice that figure.

£ in New York

—	Nov. 21	Prev. close
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

VACANCIES AT HIGHEST LEVEL FOR FOUR YEARS

Number out of work falls again

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE NUMBER of adults out of work in the UK has fallen sharply for the third month running, while notified vacancies have risen to the highest level *since November, 1974.*

The latest Department of Employment figures, published yesterday, provide further evidence of a *marked upturn in labour* market activity in the past few months *in response to the pick-up in the growth of output* earlier this year.

Adult unemployment fell by 20,700 to 1.34m, seasonally adjusted, in the month to mid-November. That is equivalent to 5.6 per cent of the work force.

The total has fallen by 53,200 in the past three months and by 96,000 since the post-war peak of *September, 1977.*

Evidence

Vacancies notified to the department, often regarded as the best indicator of the underlying labour market trend, rose by 2,900 to 231,300 and have increased by 45 per cent during the past year.

Similar evidence of growing activity is provided by the *increase in the number of people* leaving the unemployment registers, and the rising flow to the vacancies list.

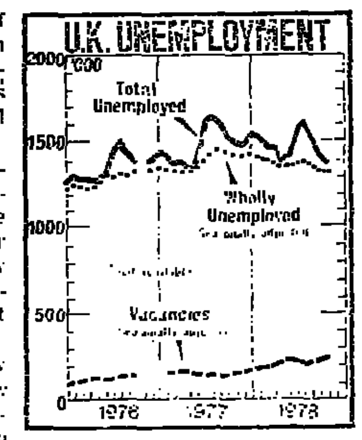
Mr. Albert Booth, the Employment Secretary, said yesterday that "against all the dire forecasts, Government policies to fight unemployment are working."

Mr. David Basnett, general *secretary of the General and* Municipal Workers' Union, welcomed the figures, but gave a warning that the industrial *revival showed signs of faltering.* "It has to be faced that the long-term employment prospects look no brighter."

Smaller

The general expectation, inside and outside Whitehall, is that unemployment should continue to fall over the next few months.

That would represent a delayed response to the strong economic recovery; indeed, the extent of the improvement in the labour market suggests that output might have been slightly more buoyant than the official figures so far indicate.



However, the marked deceleration in the growth of output forecast for 1979 implies that there is much less chance of a significant fall in unemployment by the end of next year.

The labour market statistics contain puzzling features, since *a fall in unemployment has been* coupled with a much smaller rise in employment, and indeed a decline in production in*dustries.*

The number of male employees has dropped steadily in spite of the increase in the number of men of working age. Possible explanations include earlier retirement and growing numbers of self-employed.

In contrast, the number of women workers has grown, as have those of employees in in*surance, banking, finance* and business services, and in professional and scientific services.

Lowest

An encouraging feature of the latest figures is the further sharp fall in the number of school leavers out of work—down nearly 25,000 in the last month, to 57,000. That is 16,500 less than in November 1977 and means that 92½ per cent of those who left school in the last academic year have found jobs or training places.

After including school leavers, the unadjusted total for unem*ployment has fallen over the* past month by nearly 37,500 to 1.39m. That is the lowest figure for six months and is *equivalent to 5.8 per cent of the* work force.

The Government's job support and training measures are keeping about 180,000 people off the unemployment register, a rise of about 8,000 over the past month.

Regional map, Page 7

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 10pc '83	£89⅝	+ ⅜
Excheq. 12pc '99-02	£93⅞	+ ⅜
Assd. Dairies	178	+ 6
Babcock and Wilcox	150	+ 5
Berisford (S. and W.)	156	+ 5
Boots	200	+ 5
Caskat (S.)	37	+ 3
Cawdaw	34	+ 3
GEC	316	+ 5
HK and Shanghai	247	+ 10
JCEG	17½	+ 3
Ladbroke	161	+ 4
Lesney Products	79	+ 3
MK Electric	207	+ 5
Metal Box	312	+ 14
Metoy	70	+ 4
Mount Charlotte	21	+ 2
Norton and Wright	163	+ 10
Racal Elecs.	320	+ 7
Robertson Foods	140	+ 4
Rockware	122	+ 6
Ropner	43½	+ 3½
Sotheby PB	336	+ 4
Tate and Lyle	182	+ 6
Tube Invs.	376	+ 6
Wade Potts.	31	+ 3
Woodhead (J.)	99	+ 5
Kuala Lmpr. Kepong	84	+ 5
De Beers Dfd.	344	+ 6
Elandsrand	202	+ 6
Venterspost	142	+ 6
FALLS		
Hambros	158	− 5
Royco	37	− 3½
Time Products	163	− 7
Western Motor	95	− 10
Conzinc Riotinto	230	− 6
Westfield Minerals	270	− 12

CONTENTS OF TODAY'S ISSUE

FEATURES

Austrian Minister defends interest in accountancy firm

BY PAUL LENDVAI — VIENNA, Nov. 21.

[illegible] at the time of their entry into politics, the Chancellor stressed.

He also hinted that he might reshuffle his Government early next year. Herr Androsch is expected to resign if tightened [illegible] governing the separation of public office from private [illegible] are adopted.

The 40-year-old politician, who has been in charge of the Ministry of Finance for over eight years, is under fire, too, for terminating the contract of Dr. [illegible], 59-year-old deputy director-general of the state-owned tobacco company, [illegible] replacing him with his own [illegible] secretary. In a series of [illegible] interviews Dr. [illegible], a member of the [illegible] Party, accused the Finance Minister of merely seeking a [illegible] job for his long-time [illegible] adviser and speech writer.

The [illegible] is the third largest Austrian company in terms of turnover with annual sales last year reaching Sch 15bn and a staff of over 2,000. As part of the deal the Finance Minister is alleged to have approved the renewal of the contract of the 65-year-old director-general, who is a [illegible].

Meanwhile, there is speculation that a Government reshuffle would also involve the Ministers of Health and Building as well as the Secretary of State in the Ministry of Agriculture.

Spanish wage pact talks postponed

BY ROBERT GRAHAM — MADRID, Nov. 21.

A tripartite meeting between the Government, leaders of the main trades unions and representatives of the Employers Federation (CEOE) scheduled for today to discuss a wage pact for 1979 has been postponed. This has fuelled speculation that the Government is re-examining its attitude towards a wage agreement.

The Government is seeking to persuade the trades unions to accept a 12.5 per cent voluntary wage ceiling for the coming year. However, the first formal meeting to discuss the pact held by the Government with trades union leaders last Wednesday showed the two sides much farther apart than was suspected. Reports of this meeting say that both sides appeared surprised by the toughness of each other's position.

Sr. Fernando Abril Martorell, the Minister of the Economy, bluntly said that the wage ceiling was not negotiable and insisted on the need to cut inflation from the current levels of around 17 per cent to 10 per cent in 1979.

The unions for their part disputed virtually every part of the Government's economic outlook for 1979 and maintained that a wage ceiling of 12.5 per cent was unacceptably low.

The meeting further highlighted the difficulties of the Government strategy of by-passing the political parties in the new pact and dealing with those most directly concerned unions and management.

The two unions with whom the Government is negotiating, controlling two thirds of the unionised labour force, reflected very much the positions of the political parties with which they either identify (in the case of the Socialist UGT) or by which they are directly controlled (the Communist CCOO).

Both these parties want to use the wage pact as a means of obtaining political concessions. The employers as represented by their federation SEOE identify closely with the Government position, except on certain aspects of credit policy.

Behind all this is the growing belief that Sr. Adolfo Suarez, the Prime Minister, may well opt for a general election in the spring. This uncertainty makes it hard for the unions to commit themselves to a wage ceiling for the whole of 1979 when there could be a change of Government, if not a change of Government policy, after the elections.

Thus it now seems that Sr. Abril Martorell will make one further attempt to get an agreement, perhaps lasting only until the spring — or alternatively that he will fix the 12.5 per cent ceiling and carry it out in the public sector, leaving the employers to do as best they can on their own.

Animal trafficking claim

BRUSSELS, Nov. 21.

BELGIUM'S capital city has become an international centre for trafficking in rare and endangered animals, with Government authorities claiming to be hindered by a lack of effective laws and humane societies up in arms over the flourishing business.

Officials say that dealers have profited from animal laws weaker than in many other countries which make Belgium a major shipment point every year for thousands of monkeys from Africa, Thailand and Laos: birds threatened with extinction and even such large animals as lions, tigers and crocodiles.

M. Pierre Boogaerts, administrative director of Brussels' Society against Cruelty to Animals, said: "People try to top each other with the animals they have—lynxes, pumas and so forth—just to show their originality." Some of the animals transported to Brussels are sent on to the eight other member nations of the EEC which often have only perfunctory customs inspections on their common borders.

AP

'Metaphysical' artist dies

BY PAUL BETTS — ROME, Nov. 21.

THE elegantly-decaying Antico Caffe Greco in Rome's Via Condotti—a street perhaps a trifle more opulent than London's Bond Street and once patronised by Keats, Byron, Goethe and Gogol—has lost another of its esteemed regulars, with the death late last night of Sig. Giorgio de Chirico, Italy's most celebrated contemporary painter.

Sig. de Chirico, who had lately been suffering from heart trouble, died shortly after reaching the age of 90. He created what became known as the school of metaphysical painting and after Picasso, Chagall, Matisse and Miro was one of the most frequently-forged contemporary masters.

His death will doubtlessly cause a certain degree of havoc in the art world, since in recent years he upset the art market by rejecting some works carrying his signature and recognising others which were unsigned.

To complicate matters, he apparently also recognised alleged forgeries on the ground that he liked them in much the same way as Italian Renaissance masters signed works by their pupils which they considered worthy of their own brush.

French industry rebels against the cost of the welfare state

BY DAVID CURRY IN PARIS

FRENCH INDUSTRY is in revolt against being the milch-cow of the Gaullist welfare state. With both the social security and unemployment benefit systems sinking into severe deficit, industry is claiming that it cannot be squeezed for higher contributions.

In support of its claims—and hoping that the concern of M. Raymond Barre, the Prime Minister, for business profits will make him sympathetic—the employers' organisation, the Patronat, has come up with a stack of supporting evidence.

The following is a sample:

- For every FFrs 100 (£11.80) paid out in wages a French company has to find on average, another FFrs 60 for various social charges.
- Taxes on French industry are equivalent to 14.3 per cent of the gross domestic product, one of the highest in the industrial world. In West Germany, for example, the percentage is 8.7 per cent, in the U.S. 7.5 per cent and the UK 5.7 per cent.
- Taking social security contributions alone as a proportion of GDP, the industrial contribution in France is three times the individual share. Only in Italy is the disparity more than 50-60 per cent.

Why this loading of taxation on industry? Simple, replies the Patronat: it is due to the lightness of direct taxation. In France, individual income tax contributes less than one-eighth of the total tax take. Even in Italy it is 15 per cent, in Japan 25 per cent, West Germany 30 per cent, the U.S. one-third and the UK approaching 40 per cent.

The object of the Patronat's preoccupation with arithmetic is no secret: this year the social security system (illness, accidents at work, old age pensions and family allowances) will end up FFr 6bn in the red. Next year the deficit could be anything between FFr 10bn and FFr 15bn.

This year the fund which pays unemployment benefit is some FFr 1bn in deficit; next year it will sink to between FFr 3bn and FFr 5 bn in the red.

The debate on the social security deficit has not yet gone under way, though M. Barre has remarked that the rate at which benefits have been increasing must be checked and that individual contributions will probably have to rise.

But the debate over unemployment benefit has been going on for several months in the form of negotiations between the two sides of industry who manage the fund. Eight long sessions have taken place without agreement. A—hopefully—final heave is to take place in December after the Communist-dominated CGT union grouping has held its congress and its leadership feels relieved of the necessity to throw its weight about for public relations purposes.

> 'For every FFr 100 paid out in wages, a French company has to find another FFr 60 for various social charges.'

The discussion is not merely over financing, but how to adjust the system of benefits to create a fairer system. For the French unemployment system ranges from people who are receiving nothing whatsoever (for instance a school-leaver with no qualifications in his first six months without work) and those who have been made redundant with 90 per cent of their gross former salary which, after tax, makes them better off than when in work.

Essentially, the French system provides three levels of benefit. The basic level is that of state aid which amounts to FFr 16.50 a day plus a small contribution for children. In round figures it represents FFr 500 a month.

Of the 1.3m unemployed, 900,000 receive this state aid, the remainder not yet having qualified for it. There is no time limit on the payments.

The second level of benefit was put together in 1958 when industry reckoned that it might suffer badly from EEC competition. It was aimed at employees made redundant because their company could no longer employ them. It provides for 40.25 per cent of former salary to be paid for three months, dropping to 35 per cent for the following nine months. The public aid is incorporated into these percentages but after 12 months on the dole the unemployed person is left only with the basic state aid.

This is financed by a 3 per cent payroll tax, of which 80 per cent is contributed by employers and 20 per cent by the worker. The cash goes into a central fund, UNEDIC, which has a series of regional "subsidiaries" called Assedics. Some 335,000 people receive this form of benefit.

In the past few years a number of complementary schemes have been added to permit the shedding of older workers and to meet crisis like that of the steel industry. People made redundant at 60 can draw 70 per cent of former salary until retirement age. Last year this was extended to permit voluntary retirement at 60.

Altogether some 100,000 people benefit from the 70 per cent for workers made redundant and 37,000 have taken early retirement voluntarily.

The top level of benefit, the Allocations Speciales d'Attente (ASA), is the real three-star system. This permits workers fired "for economic reasons"—that is, nothing to do with their competence or qualifications but because the company simply does not possess the means to keep them on the books—to receive 90 per cent of former salary. As with the previous system, a part of this is made up of public aid.

> 'From 1974-78 unemployment has doubled but benefits have quadrupled in total cost, as has the proportion paid by industry towards the social security system. It is now so burdensome that it discourages recruitment.'

This income is taxed, but only the part contributed by UNEDIC, not the part made up of public aid. Ninety per cent of salary with a FFr 500 allowance is worth more than a full wage fully taxed — which has led industry to complain that the ASA is an incitement to unemployment.

In addition after a year on ASA the worker can sign on for a year of professional training and continue to collect 90 per cent for a second year, a facility which industry tends to describe as a highly expensive form of leisure activity for the unemployed.

After the year — or two years —on ASA the benefit falls right back to the level of public aid, except for older workers who are cushioned more generously. There are 150,000 people drawing ASA.

The cost of the three basic systems outlined above is FFr 16-16bn, although this is not the final cost. Next year the cost is likely to be much higher. The public aid will cost around the same FFr 5bn. But the "1958" system will demand some FFr 5bn rather than FFr 4bn, the facilities for early retirement or redundancy at 60 will shoot up in cost from FFr 2.5bn to FFr 4.1bn and ASA will cost FFr 5.9bn rather than FFr 3.8bn.

Both sides in the negotiations agree, at least in principle, that it is desirable to trim the generosity of ASA to improve benefits at the lower end of the scale. But they cannot agree how to do it, nor how to control the increasing cost of the system as a whole.

The Patronat says that the state must make a bigger effort. From 1974-78, it says, unemployment has doubled but benefits have quadrupled in total cost, as has the proportion paid by industry towards the system. It is now so burdensome that it discourages recruitment, claims the Patronat.

Already, continues the organisation drawing its favourite European comparisons, the wage-earner contributes less to unemployment charges in France than anywhere else: against the 20 per cent in France, it is 35 per cent in the UK, 40 per cent in Belgium and 50 per cent in West Germany and Holland.

As to reforming the system itself, the Patronat wants to change so that in successive quarters of the first year out of work the payments would be 90, 80, 70, then 60 per cent of former salary, a "floor" price being established at 90 per cent of the national minimum industrial wage—which would mean about FFr 1,735 at the moment.

This would save FFr 300m, the Patronat says, and it would be ready to use it to beef up the middle level of benefits to a straight 42 per cent for 12 months, extended by six months for the over 50s. If the state would step up its contribution it would take the payment to 45 per cent. The first improvement would cost around FFr 700m and the second, with a higher state contribution, about FFr 1.2bn.

The main running on the union side has come from the loosely-organised, Socialist-inclined CFDT. It has proposed changing the ASA system on the basis of 70:70:65:60 per cent, but exclusive of public aid. It also wants a straight 45 per cent for the middle level of benefit, exclusive of public aid.

A post-CGT congress meeting has been set for early December, and the Patronat draws some comfort from the fact that the principle of reforming the ASA is gaining ground and from the (unspoken) observation that the unions are unlikely to put together a common front in their present mood of bickering.

Moreover, it knows full well that looming up is the whole question of the social security deficit, which will demand probably exhaustive tripartite discussions. By comparison with the social security battle, the UNEDIC affair is a skirmish. But, industry reckons, it is a skirmish it cannot afford to lose if a halt is going to be called to the mounting costs which compromise its competitiveness.

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Frank R. Reilly, General Manager and Regional Co-ordinator for UK and Ireland.

EUROPEAN NEWS

Fund dispute referred to EEC summit

BY GUY DE JONQUIERES BRUSSELS, Nov. 21.

LEADERS of the nine Common Market Governments will be called on at their summit meeting next month to disentangle a politically sensitive dispute over moves by the European Parliament to increase the value of EEC Regional Fund grants by more than 60 per cent next year.

A lengthy meeting of EEC budget Ministers broke up in considerable confusion early this morning after Britain and Italy jointly blocked attempts by the German chairmanship and the French delegation to muster a majority in favour of an outright rejection of the proposed increase.

The controversy touches both on issues of EEC constitutional prerogative and on the broader debate arising from British, Italian and Irish demands for a substantially increased transfer of economic resources in parallel with the adoption of the planned European Monetary System (EMS).

Last month, the European Parliament amended the draft 1979 EEC budget to increase next year's Regional Fund commitments by 380m European units of account (about £250m) to 1bn units of account (EUO). Because Fund grants are distributed according to a rigid quota system, the proposed rise would mean an extra £70m for the UK and £100m for Italy.

The German chairmanship of the Budget Council wanted the proposal to be rejected on the grounds that it was unconstitutional. It argued that if the Ministers approved an increase they would be undoing a decision by EEC Heads of Government last December to fix next year's fund allocation at 620m EUA.

The German move was supported by France, which is deeply suspicious of attempts by the European Parliament to gain more power, on the grounds that the proposed increase vastly exceeded the Parliament's authority to modify the budget.

The Parliament's margin for discretionary changes in the budget is limited this year to 133m EUA and can be applied only to so-called non-obligatory expenditures, which account for about one-quarter of total EEC budgetary outlays. The draft budget for next year is worth almost 10bn EUA.

Mr. Joel Barnett, the Chief Secretary to the UK Treasury, suggested a compromise to his colleagues, whereby they would approve an increase in the Regional Fund in principle but place the money in a special reserve pending a final decision by Government leaders. This recommendation was rejected.

Mr. Barnett argued that the leaders' decision to set the level of Regional Fund commitments last December should be viewed in a new light, following the moves by the EEC this year to set up the European Monetary System.

Ireland failed at the Budget Council to support the British and Italian positions, even though it favours a substantial increase in the Regional Fund. The main reason for its reticence appears to have been fear of arousing German displeasure in advance of next month's "summit," at which Dublin hopes that a sizeable package of investment aids will be decided in its favour.

New Unesco Press draft

PARIS, Nov. 21.

UNESCO published today a new draft declaration on the mass media which upheld journalists' freedom to report and said that they must have fullest possible access to information.

Director General Amadou Mahtar M'bow dropped from the document passages in his original text construed by Western nations as sanctioning Government controls over Press, radio and television. The draft was due to be submitted tomorrow to the Culture and Communications Commission of the Unesco general conference.

The text was designed to command a consensus among Communist, Western and developing countries so that it carried the full authority of the United Nations Educational, Scientific and Cultural Organisation (Unesco). A Unesco spokesman

Mr. M'bow's draft was the product of days of backstage negotiations between representatives of all shades of world opinion on the relationship between Governments and the mass media, which began as soon as the conference opened a month ago.

The first comment by a professional journalists' organisation was made by the president of the Inter-American Press Association, Mr. German Ornes, who said that governments, and especially authoritarian ones, would make their own interpretation of the declaration which newspapers were certain to find objectionable. Mr. Ornes is publisher of the daily El Caribe, in the Dominican Republic.

Reuter

Giscard confirms European stance

By Robert Mauthner

PARIS, Nov. 21.

PRESIDENT Giscard d'Estaing today confirmed that the French Government was opposed to an extension of the European Parliament's powers in the foreseeable future and that France was firmly committed to a confederal organisation of Europe.

In reply to questions at a news conference, the President defined "confederal" as a system in which no state would be able to impose its will on another. At present, he said, no country in Europe was prepared to accept a federal system, under which it would have to accept decisions which might be contrary to its own national interests. A federal Europe, he went on, would also be subject to excessive influence from the U.S.

Though President Giscard has, for all intents and purposes, espoused the traditional Gaullist view of Europe, he has come under increasing pressure from the Gaullist Party to ask the European Council to make a solemn declaration that a directly-elected European Parliament's powers will not be extended.

The Gaullists maintain that while the French Government has made its position clear on the subject, the public declarations of other European leaders, including West German Chancellor Helmut Schmidt, showed that many of France's partners had much more ambitious ideas about the European Parliament's future role.

M. Giscard d'Estaing today went out of his way to demonstrate that it did not matter what people said. The powers of the European Parliament were clearly defined in the Treaty of Rome, he said, and that treaty could be renegotiated only by the unanimous decision of the member states. Each country, therefore, had a veto.

To rub the point home, President Giscard also stressed that a renegotiation of the Treaty of Rome would require a revision of the French constitution on the basis of identical texts adopted by both Houses of Parliament. These would then have to be submitted to a referendum.

Though he di dnot say so in so many words, the President was clearly telling the Gaullists that the legal guarantees against an extension of the European Parliament's powers were already water-tight. In the view of the President, it would be entirely superfluous to ask the European Council to make an additional declaration, particularly since this would cause unnecessary friction between France and some of its partners.

The President also rejected a suggestion by a journalist that France's economy was not strong enough to allow it to join the proposed European Monetary System (EMS) and that it might be forced to leave the system, as it was forced to leave earlier systems in January 1974 and March 1976.

M. Giscard d'Estaing pointed out that the EMS was very different from the old "snake" because it provided for action on the part of countries with strong currencies as well as those with weak ones. In addition, France currently pursued economic policies which would put the country in a position to withstand pressures on its currency.

In this context, the President expressed renewed confidence in M. Raymond Barre, his Prime Minister and architect of France's economic policies, whom he described as "one of the best Prime Ministers France had had for a long time."

Lynch meets Giscard today

By David White

PARIS, Nov. 21.

MR. JACK LYNCH, the Irish Prime Minister, will discuss terms for joining the proposed European Monetary System (EMS) with President Giscard d'Estaing here tomorrow, two days before Mr. James Callaghan comes to put forward Britain's reservations about the scheme.

The Irish leader is due to continue talks on the EMS in London and Bonn next week. His visit to Paris follows recent discussions in Dublin between M. Rene Monory, French Economy Minister, and his Irish counterpart, Mr. George Colley, the Finance Minister.

Mr. Lynch was due to arrive in Paris this evening and to have lunch with the French head of state before returning to Dublin tomorrow.

Steel plant shut-down

By David Curry

PARIS, Nov. 21.

THE SOLMER steel-making company, which has some of the most modern installations in Europe, is laying off almost its entire workforce in retaliation against a series of strikes which has badly disrupted production over the past two weeks.

From today the plant, which is working at so me 80 per cent of capacity, will be shut down and 6,300 of the 7,100 workforce will be sent home for an indefinite period.

Solmer, situated on the Mediterranean coast at Fos-sur-Mer just west of Marseille, is owned jointly by France's two big steel groups—Usinor and Sacilor. These companies, in the throes of a large-scale reorganisation to overcome their oppressive indebtedness, are operating at less than two-thirds of capacity. Solmer itself is believed to have lost some 22,000 tonnes of output since the strikes started out of a monthly production of some 350,000 tonnes.

Details of Madrid coup bid revealed

BY ROBERT GRAHAM MADRID, Nov. 21.

THE SPANISH armed forces today released a laconic communique giving the first official version of the obscure events surrounding the arrest last week of two para-military police officers who were allegedly masterminding a scheme to seize the Cabinet, and hold it to ransom for the formation of a Government of national reconciliation.

The communique, issued in the name of General Ignacio Alaro Arregui, the armed forces chief of staff, said that five officers met in a Madrid cafe, the Galaxy, on November 11. He said they discussed the possibility of a "coup de main" and mentioned November 17 as the most opportune date.

Present at the meeting were a colonel in the Guardia Civil, a major and two captains in the Policia Armada and a major of an infantry unit.

The meeting was reported by military intelligence direct to the Prime Minister, Sr. Adolfo Suarez, in the absence from Madrid at the time of the Defence Minister, General Gutierrez Mellado. As a result Sr. Suarez called a special meeting in the evening of November 16 attended by the chiefs of the security forces (the Guardia Civil and Policia Armada), representatives of the Defence Ministry and of the joint chiefs of staff.

At this meeting it was decided to instruct the commander of the First Military Region, which includes Madrid, to carry out preventive measures. As a result of statements obtained from those allegedly involved in the scheme, Colonel Tejero (of the Guardia Civil) and Captain Ynestrilias (of the Policia Armada) were detained. The matter, the communique said, was now in the hands of military legal authorities.

This communiqué comes almost five days after the two arrests are believed to have been made and will do little to clarify whether these two men acted alone, or did they enjoy wider support.

The communiqué does not amplify Press reports that they intended to seize the Cabinet on the Friday, November 17, the day of its weekly meeting, and when the King had left for Mexico. Reading between the lines, it seems the Government was only alerted relatively late on November 16.

The low-key tone of the statement suggests that the armed forces are determined to play the matter down and it is significant that no member of the armed forces, as opposed to the para-military, is directly implicated other than in the initial cafe meeting. This is in line with the attitude of top Government officials who continue to maintain a cool attitude to the affair.

The extra security arrangements in force since Friday round the Prime Minister's official residence, the Moncloa Palace, were relaxed yesterday.

Swedish aircraft decision

BY WILLIAM DULLFORCE STOCKHOLM, Nov. 21.

THE SWEDISH Government has decided not to produce a new light-attack aircraft, the B3LA, for the air force. Instead, Mr. Lars De Geer, the Defence Minister, has asked the defence forces' commander-in-chief to state whether another project, the SK38/A38, proposed by aircraft manufacturers Saab-Scania, would meet the air force's operational requirements.

The new aircraft, which would be developed initially only in a trainer version, could be the means of saving the design and development potential of Sweden's aircraft industry. It is also of interest to the European aero-engine industry, as one of the two contenders to supply its engine is Turbo-Union, the company owned jointly by Rolls-Royce, Motoren-und-Turbinen and Fiat.

If the commander-in-chief reports favourably on the SK38/A38 the Government will have to decide whether to allocate funds for it or to plump for a new attack version of Saab-Scania's Viggen aircraft, the A20. The latter would not provide employment for Saab-Scania's design staff.

Report recommends extra doctors

BY OUR OWN CORRESPONDENT STOCKHOLM, Nov. 21.

SWEDEN WILL have more general practitioners in its health service if the recommendations of a Government-appointed investigator are accepted by the Government and approved by Parliament. The report proposes that there should be a general practitioner for every 3,000 Swedes in six years' time instead of one for every 6,500, as at present.

The investigation was started after two non-Socialist parties included in their 1976 election platforms demands for a more humane health system and a return to the personal doctor concept.

U.S. dollar action 'has not solved main problems'

BY GUY HAWTIN FRANKFURT, Nov. 21.

THE U.S. measures to stabilise the dollar were described as giving the currency "breathing space" by one of West Germany's leading industrialists today. Professor Herbert Gruenewald, chairman of Bayer, one of the country's three largest chemicals concerns, said that the U.S. action had not solved the dollar's problems.

Prof. Gruenewald said: "The latest measures to support the dollar with an anti-inflation programme, energy restrictions, government budgetary cuts and an increase in interest rates, have given the dollar a breathing space. However, they have not solved the dollar's problems."

The Deutsche Mark, he said, appreciated against the dollar by 19.5 per cent in 10 months. The logical result was that German exports should have fallen while imports increased, but current foreign trade figures showed that this was not the case.

Prof. Gruenewald, whose corporation is heavily dependent on exports, said that the condition of the dollar made it very difficult to forecast sales or profit performance.

Echoing the feelings of many German industrialists, he said: "If the decline in the value of the dollar had more than offset all of your rationalisation measures, you would probably feel a bit depressed too."

John Wicks adds from Zurich: The Swiss economy has been relieved substantially by the relative improvement in the exchange rate, even though foreign-currency conditions remain unsatisfactory, according to the latest report of the Swiss National Bank.

The exaggerated ascent of the Swiss franc, especially against the dollar and the mark as the two currencies of most importance for Switzerland, has not only been brought to a stop but partially reversed, the Bank points out.

The weakening of the Swiss currency is also attributed to the change in Switzerland's monetary policy at the start of last month.

Tito attack on economic problems in Yugoslavia

By Aleksandar Lebl

BELGRADE, Nov. 21.

PRESIDENT TITO of Yugoslavia today launched a swingeing attack on the management of his country's economy and warned that the Government would have to take radical action to curb malpractices.

Speaking at the Eighth Congress of Yugoslavian Trades Unions in Belgrade, the President said the country faced major economic problems which could endanger the future unity of Yugoslavia.

The President listed the serious problems plaguing the Yugoslav economy: low productivity, increasing indebtedness, inflationary pressures, the country's swollen balance of payments deficit and misplaced investment. All these problems could, he said, hinder the development of the underdeveloped regions and ultimately endanger the unity of the country.

President Tito called urgently for the establishment of stability, even at the price of lower growth rates. Investments had to be curtailed and be set at realistic levels.

President Tito also warned against tendencies in the country, which is made up of six republics and many ethnic groups, towards economic selfishness, with the richer regions trying to look after their own interests while neglecting the backward areas.

Part of the responsibility for this, the President said, lay with "economic technocrats and political bureaucrats" who were seeking to undermine the rights of workers in Yugoslavia's system of self-management and decentralised workers' control in the economy.

"We must consistently fight against such tendencies and apply collective responsibility everywhere as has been done in the state and party presidencies," he declared.

Corporate profits increase slightly

By Jurek Martin

WASHINGTON, Nov. 21.

CORPORATA PROFITS rose only slightly in the third quarter of the year, compared with the previous three months, the Commerce Department reported today.

This principally reflects the slowdown in economic activity in the third quarter after the sharp expansion in the spring. In fact the $5bn gain in pre-tax profits would have been $2bn smaller if it had not been for the cuts in property taxes in California, which took effect in July following the passage of of the "Proposition 13" referendum.

The Department also revised—though left largely unchanged—its earlier estimates for the growth in gross national product and the rate of inflation, as judged by the GNP deflator.

GNP rose by 2.4 per cent in the July-September period in real terms, at an annual rate, unchanged from the previous calculations. This, of course, is well below the 8.7 per cent advance recorded in the second quarter.

Inflation, however, was put at 7.1 per cent on an annual basis in the summer, practically unchanged from the previous 7.0 per cent [illegible] but below the [illegible] two quarters.

[illegible]

U.S. COMPANY NEWS

[illegible] sharp fall in earnings [illegible] UK [illegible] court [illegible] to [illegible] shareholders [illegible] A Addressograph-Multigraph well ahead — page 25.

Oil shortages bring prices pressure

BY DAVID LASCELLES

NEW YORK, Nov. 21.

MOUNTING PRICE pressures and shortages have become discernible in parts of the U.S. oil and petrol markets, sparking fears of a difficult winter and increasing demands for the abolition of oil price controls.

Although difficulties are still local and confined to specific types of oil products, memories of petrol rationing during the Arab oil embargo have made people jittery about their fuel supplies, prompting one of the country's largest retailers, Amoco, to put out a reassuring statement.

Figures released here today show that the spot price for domestic 94 octane petrol this week is 55.3 cents a gallon, up nearly 50 per cent on the same period last year. The rise in foreign spot prices is even greater, over 60 per cent. The spot price for No. 2 fuel oil, the most commonly used heating oil, has gone up nearly 25 per cent to 44 cents a gallon in the same period.

The main reason for the sharp rise in petrol prices is unusually high demand caused mainly by the unseasonally warm weather. But underlying trends, such as the gradual shift of the population to the warmer south where people travel more by car, are also blamed.

The biggest shortages so far have come in unleaded fuel, the type of petrol burned in the new generation of emission-controlled vehicles. Shortages and even rationing have been reported on the East Coast, though the full extent of the supply shortfall has yet to emerge.

Unleaded fuel is the fastest growing petrol market at the moment, and shortages have been predicted for some time due to inadequate refining capacity and lack of the lighter types of crude needed to produce it. But the situation has just been worsened by the failure of units at two refineries run by Shell, one of the country's largest petrol suppliers.

A Shell spokesman today said the units would probably be back in operation next month, but in the meantime he advised motorists to use lower grade fuels, and drive with less throttle. "Normally petrol sales drop about 5 per cent at this time of the year" he said, "but they are currently surprisingly high."

Reacting to news of shortages, Amoco last night put out a statement saying that while supplies had got tighter, it foresaw adequate supplies to meet anticipated demand for lead-free petrol. The company added that its refineries were operating "at near capacity levels."

Although the warm autumn weather might be expected to produce a parallel easing in heating oil supplies, this is not the case. A combination of low inventories, statutorily permitted price increases, and the world market situation complicated as it is by events in Iran, has resulted in price rises which are only just becoming apparent as homeowners stock up for the winter.

Oil market specialists still seem undecided as to whether the tightness of the oil products market signals a trend, or whether special and temporary factors are to blame.

However, the oil industry is using the worsening situation to bolster its argument that the market needs an end to federal regulation so that prices can move to balance supply and demand.

The Shell spokesman, for instance, said today that the shortage of its own unleaded petrol supplies was partly due to the unrealistically low prices at which it was obliged to sell its product. Because of complicated regulatory factors, this price was below that of many of its competitors, so shortages were bound to occur.

Should a serious shortage develop over the winter, it is bound to strengthen the oil industry case, enunciated at the American Petroleum Institute's annual meeting in Chicago last week, that President Carter should exercise his option to allow oil price controls to expire at the end of next May.

U.S. troops fly to Guyana to ferry massacre victims

GEORGETOWN, Nov. 21.

U.S. TROOPS have flown to Guyana today to ferry out the corpses of more than 400 members of the People's Temple cult who drank a cyanide mixture out of fanatical loyalty to their leader. But the state of the bodies may force the soldiers to bury them on the spot in the jungle commune where they died.

[illegible] soldiers and police [illegible] searched the surrounding wilderness for hundreds of other members of the sect who fled from the "Jonestown" [illegible] settlement after the [illegible] suicide. A reporter who visited the camp, 150 miles north-west of Georgetown, the Guyana capital, said it "looked like a garbage dump where somebody dumped a lot of rag dolls."

The bodies of sect founder the Rev. Jim Jones and his wife were among 409 corpses that a police spokesman said Guyanese troops had counted in and around the meeting hall in Jonestown. Mr Jones and several others had been shot, presumably by their own hand. The others had drunk a soft drink into which the camp doctor mixed cyanide.

Three U.S Air National Guard C-130 aircraft arrived here this morning.

AP

Cuban political prisoners 'will be freed' by Castro

HAVANA, Nov. 21.

A DELEGATION of Cuban exiles expects most of the 3,000 political prisoners said to be in Cuban jails to be freed by Sr. Fidel Castro, Cuba's President.

Miami banker, Mr. Bernardo Benes, a delegation leader, said Sr. Castro could disclose the release at a second meeting with the 75 visiting Cuban exiles scheduled for today.

Delegation members were also optimistic that two other issues could soon be resolved: reuniting Cuban families and permitting visits by family members to and from the U.S.

At Monday's first closed-door session between the exiles and Sr. Castro, the President brought tears to the eyes of one delegate, 66-year-old Sra. Rosa Rivas Izaguirre, by announcing the release of her son from prison as his wedding present. Sr. Alfredo Izaguirre, 40, was married in a prison ceremony on Sunday to Srta. Maria Munero, 26.

Sr. Benes repeated his criticism of President Jimmy Carter and the Attorney-General, Mr. Griffin Bell, accusing them of moving too slowly in accepting the prisoners which Sr. Castro has already said he would free.

AP

Mr. Joe Clark, leader of the Opposition

Canadian attack on state intervention

By Victor Mackie

OTTAWA, Nov. 21.

MR. JOE CLARK, leader of the opposition Progressive Conservative Party, today bitterly attacked the budget of Mr. Jean Chretien, the Finance Minister. He said a Progressive Conservative government would release the grip on the private sector held by Prime Minister Pierre Trudeau's government.

It was Mr. Clark's strongest free enterprise speech. He said the Conservatives would not only sell Petro-Canada, the government's $1.5bn energy corporation, but would also take a hard look at the 385 other government-owned agencies to see if they should be state-run.

Mr. Clark accused the Liberal Government of having an instinct for taking over and running private businesses.

He said Government intrusions into the private sector robbed old age pensioners, and those who need homes, of much-needed help, and channelled taxes into areas where the Government's performance left much to be desired.

Petro-Canada's recent $1.4bn acquisition of Pacific Petroleums, a private oil and gas concern, was a classic case of the Government moving in where it did not belong.

Mr. Clark said there was a danger that Petro-Canada's competitors in energy development would be reluctant to divulge their plans and financial information to the Government now that it owned a rival company. He said oil and gas companies in the north would become suspicious of land regulations, alert to see whether they favoured the Government company.

The propriety of Mr. Thomas Shoyama, Canada's Deputy Finance Minister, attending Petro-Canada Board meetings while it made the decision to purchase Pacific Petroleums will be questioned by the opposition in a Commons committee.

Mr. Clark and Mr. Walter Baker, House leader for the Progressive Conservatives, also declared the Conservatives' intention to press ahead with an investigation into a possible budget leak involved in the Petro-Canada purchase.

Mr. Clark said the opposition wanted to examine in some detail "the invidious position" in which the Deputy Finance Minister had been placed by the Government. Mr. Baker said today that the matter opened up the whole question of the propriety of the Government placing top public servants on the Boards of Crown companies. It could place them in an awkward position where there might be a conflict of interest.

Mr. Chretien's budget last Thursday incuded a measure to close a tax loophole which Petro-Canada was one of the last corporations to use.

Mr. Chretien has denied in the Commons that his Deputy Minister gave advance Budget information to Petro-Canada. However, under questioning from the Conservatives, he admitted that Mr. Shoyama, as a Petro-Canada Board member, attended the Board meeting at which the decision was taken to buy Pacific Petroleums.

Mr. Chretien said: "The final decisions about a change in the law for income debentures and preferred shares were made on Saturday morning, when I closed all elements of the budget." His budget ended a tax loophole which allowed corporate borrowers to borrow from banks and other institutions at 7 per cent, rather than the going rate of 10 or 11 per cent, because the lender was able to get a tax write-off on the interest difference.

"I have complete faith and confidence in Mr. Shoyama," said Mr. Chretien. "He has served many Governments and acted properly throughout."

ICC to make changes in haulage rules

By John Wyles

NEW YORK, Nov. 21.

THE Interstate Commerce Commission (ICC) is to press ahead with a major change in the U.S. transport industry, by abolishing a 40-year-old rule prohibiting private trucking fleets from operating as general hauliers.

The implications of the move, adopted by a five-to-one vote of the Commission, are potentially far-reaching. Several thousand trucks, now run by supermarkets and other businesses transporting their own goods, could be added to road transport capacity. They should, in the ICC's view, increase competition, lower shipping costs, and help save fuel, since fewer will be empty on their return hauls.

BRAZIL'S MID-TERM ELECTIONS

A boost for the opposition and a call for change

BY DIANA SMITH IN RIO DE JANEIRO

A CLEAR pattern has emerged in Brazil's mid-term elections which gives the opposition considerable gains and the government cause for thought.

Counting in the election for 23 national senators, 420 Congressmen and 846 deputies to the legislative assemblies for Brazil's 23 states is still going on. Final results are expected later this week.

But with much of the vote in it is clear that the country's military rulers are now faced with a clear dilemma: how to rule with a firm hand and a strengthened opposition.

Some of the more depressing results for the government came, not unexpectedly, in the big urban areas.

Sao Paulo state, hub of Brazil's wealth, industry and intensive farming, rejected the pro-government party arena in the elections.

The Sao Paulo Senatorial candidate for the opposition MDB (Brazilian Democratic Movement), received five votes for every vote cast for his Arena rival.

Outgoing President Ernesto Geisel and President-elect Joao Baptista *Figueiredo* campaigned repeatedly and assiduously for Arena in the state. Several local Arena leaders seemed so confident of a reversal of the 1974 results that they promised the presidency a sweeping Arena win. They were shocked by the result.

The MDB had been expected to win in Sao Paulo (albeit not so overwhelmingly) and in Rio de Janeiro, which it did. The party's results in other states of the more prosperous centre and south of the country were more surprising.

But with only one-third of the senate up for election this year and another third appointed in 1977, by the presidency to ensure continuity for Arena the odds are heavily weighted against MDB securing a majority in the Senate and Congress.

The balance was further distorted by the 1977 April package imposed by General Geisel, before he instituted the 1978 political reforms easing many of the Presidency's arbitrary powers. This increased the number of seats in Congress to 420, granting proportionately greater weight to states where, in theory, Arena would return many more Congressmen than the MDB.

Nevertheless, the MDB has increased its number of seats in these theoretically pro-Arena states, as well as its share of seats in its post-1974 preserves of Sao Paulo and Rio de Janeiro. Arena's Congressional majority will probably be confined to 35 seats, if that, against more than 40 in the smaller, post-1974 Congress.

More radically right-wing Arena deputies lost their seats this time round and a new generation of moderate, pragmatic members of both MDB and Arena has received a heavy vote. The new Congress will therefore be more representative of constituents than of factions either proclaiming the national security ideology or meekly following Government directives.

It has long been known that the incoming president, General Figueiredo, is considering permitting the formation of, perhaps, two or three new Brazilian parties. This would entail the abolition of the only two movements now permitted, Arena and MDB.

Not all the MDB is doggedly anti-government nor would 'waverers' apparently be averse to sharing a new party with colleagues from Arena.

One government ploy which backfired was the banning in 1974 of election speeches on radio and television. This was intended to make it difficult for the opposition to get its messages across to the public—a public often assumed by Brazil's military or technocratic pace setters to be incapable of making up its mind on its own.

The assumption was that, deprived of concrete information about the MDB, voters would prefer Arena and pay favourable attention to the speeches of President Geisel and his successor who hinted that the MDB was under Communist influence and unworthy of democratic votes.

Not only did this assumption backfire in the MDB's favour but the number of blank ballot papers cast (voting is compulsory) indicated that uninformed voters preferred not to choose at all rather than opt for either the pro- or anti-Government parties. Rio de Janeiro state alone, with 3.6m voters, returned 815,000 blank or deliberately spoiled ballots.

Messages scrawled on spoiled ballot papers were even more graphic than the strong pro-MDB urban vote: in Bahia state one voter wrote a 22-verse poem on his ballot paper, quoted in the influential national daily, the Jornal do Brasil: "Meat, rice, potatoes/sugar, coffee, bread/give us cheaper cost of living/better food for eating/better life/better housing . . ." and so on, until he apparently ran out of space.

The election results have been described not only as proof of the Brazilian voter's ability to discriminate but also of his growing independence of powerful, and wealthy Arena local bosses who promise (and normally deliver) favours in return for votes.

The election was generally held to be clean, and fair, despite the fact that one Pernambuco teller was arrested in *flagrante delictu* filling in Arena candidates' names on ballot papers that had been returned as blanks.

President Geisel's government can take credit for several improvements in social welfare and health programmes, job creation in some areas, and abolition of draconian Presidential and police powers. Gen. Figueiredo has promised to pursue these social policies and increase democratisation. The voters' message seems to have been that the improvements have not been far-reaching or rapid enough.

WORLD TRADE NEWS

Britain to consider arms supply to China on 'case-by-case' basis

BY DAVID WHITE

PARIS, Nov. 21.

BRITAIN WILL consider supplying arms to China on a case-by-case basis, the Assembly of the seven-nation Western European Union was told here today

Mr. John Tomlinson, Parliamentary Under-Secretary at the Foreign Office, told MPs from Britain and six other EEC countries that the UK did not *intend solely to become a supplier of weapons to the Chinese.* "But that does not *rule out defence sales," he said* in reply to a question from Sir Frederic Bennett, Tory MP for Torbay.

He said the Secretary of State for Industry, would shortly be holding talks in Peking which would include the possible supply *of the Harrier jump-jet.*

Sir Frederic, who tried to push a motion actively favouring arms sales to China, at the last six-monthly assembly here, said Mr. Tomlinson's reply was "the most positive statement yet" by the British Government on the subject.

Mr. Tomlinson made clear that *the Harrier was considered as* being for defensive rather than offensive use.

A *similar statement on French* willingness to supply arms to the Chinese was made yesterday *by M. Pierre Bernard-Reymond,* Minister of State at the French Foreign Ministry, also in answer *to a question from Sir Frederic* Bennett.

Meanwhile, a French Communist representative, M. Serge Boucheny, tabled a resolution *calling for a ban on arms sales* to "colonialist, racist and fascist" governments, notably those of South Africa, Rhodesia, China and Iran.

He also proposed the creation of de-nuclearised zones, *including the Mediterranean.* The resolutions, attached as amendments to a defence policy report *being debated in the assembly,* were both expected to be defeated.

David Housego adds: The Department of Industry confirmed last night that Mr. Eric Varley is expected to visit Peking in February and that the issue of sales of the Harrier jump jet to the Chinese would then be taken up again.

At the conclusion of Vice Premier Wang Chen's visit to Britain last week, a Press statement from the Department of Industry said that Britain had *told China it would consider* supplying certain types of defence equipment to China *subject to consultation with* Britain's allies.

During Mr. Varley's visit the Chinese *are expecting an answer* to their request for Harriers.

Mr. Varley will also be pursuing with the Chinese *fulfilment* of the draft agreement of economic collaboration with Britain under which two-way trade with China is to be boosted to $8.10bn

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U.S. group to import China crude

COASTAL STATES GAS said it *has agreed to become the first* company to import crude oil from China into the U.S. AP-DJ reports from Houston that the company said its coastal States Trading subsidiary signed an agreement last week in Peking with China National Chemicals Import and Export Corporation covering purchases by Coastal of more than 3.6m barrels of crude oil. The company said previous Chinese agreements for sales of crude *to other countries have* been on a government-to-government basis.

Tractor marketing

White Motor Corporation said its subsidiary, White *Farm* Equipment has signed a long-term agreement with Iseki of Japan to market an advanced line of small horsepower diesel farm tractors in the U.S. and Canada. AP-DJ reports White Farm Equipment will begin marketing White-Iseki tractors through its North American dealer network early in 1979.

Saudi can project

Continental Group has formed a joint venture with Ahmad Hamad Algosaibi and Brothers of Saudi Arabia to open the first major can-making plant in Saudi Arabia in which Continental will have a 40 per cent stake, Reuter reports from New York. The plant, which is expected to start up early next year at Dammam, will manufacture cans for all types of beverages with a capacity of 250m three-piece cans annually.

UN Commission predicts slow world trade growth

GENEVA, Nov. 21.

THE UNITED NATIONS Economic *Commission for Europe* today predicted a growth of 5-6 per cent in the volume of world *trade* this year.

It said this likely growth level, little more than in 1977 and "well below the long-term trend," is largely due to slow economic activity and low demand in Western Europe.

However continued demand in North America and the Third World helped cut Western Europe's *trade* deficit by $21bn in the year to mid-1978, the commission's economic bulletin for *Europe* said.

Western Europe's import volume rose only very modestly in the first half of this year, after *a 4 per cent rise in 1977. Export* volume was likely to rise by 5 per cent for the second year in a row.

"The most dynamic market for West European exports over the past year has been China, exports doubling to $1bn in the first half of this year," the bulletin said.

It did not detail European trade with China but explained that "although still small in *absolute terms, China seems likely* to maintain the fastest growth rate in the immediate future."

Imports from the oil-exporting countries fell both in value and in volume, partly because of rising North Sea oil production.

In addition, the fall in the price of imported oil due to the depreciation of the U.S. dollar—the currency in which oil is sold—should also have reduced inflationary pressure in Western Europe this year the bulletin said.

Eastern Europe and the Soviet *Union continued* cautious economic policies in 1977 and 1978 to correct trade imbalances with the West and to solve domestic problems, but rising imports further widened the East's trade deficit *in* the first half of this year.

Agencies.

Europe's gas supplies secured

BY KEVIN DONE ENERGY CORRESPONDENT

NATURAL gas will supply about 17 per cent of the energy demand in continental Western Europe in the 1980s, and it is likely that *it will hold this share of the fuel* market at least until the end of the century.

Gas consumption will increase from about 170bn cubic metres last year to about 250bn cubic metres in 1985 Dr. Christoph Brecht, a board member of Ruhrgas said in London yesterday

He told the Institute of Gas Engineers that considerable gas supplies should be available at the turn of the century, and possible world natural gas reserves offered adequate resources for the more distant future

By the early 1980s the European natural gas transmission system would link continental Western Europe, either by pipelines or liquefied natural gas terminals, with producing countries which possess about 70 per cent of the entire world natural gas reserves.

Last year about 85 per cent of the gas consumed in continental Western Europe came from *domestic production* with the balance being supplied from Algeria, the Soviet Union and *Libya.*

By 1985 domestic supplies will account for only about 66 per cent of consumption, but gas pumped along the 6,000 km pipeline system from Iran will supplement deliveries in the 1980s.

Austria in negotiations with Ford

By Paul Lendvai

VIENNA, Nov. 21.

THE AUSTRIAN Government is negotiating with Ford and other motor companies about the assembling of cars in the country as well as the possibility of securing contracts for domestic companies to produce components. The Finance Minister, Dr. Hannes Androsch, confirmed the Ford plan in a newspaper interview for the first time today, describing the project as being "of quite impressive dimensions."

However the Federal Chancellor, Dr. Bruno Kreisky, refused to go into details after today's Cabinet meeting and confirmed that two or three *major projects were currently* being negotiated. It would be known only in several months' time whether they could be realised, he added.

Plans to produce annually for export about 50,000 high quality cars under a Porsche licence were scrapped earlier this year after the Volkswagen company had refused to help in sales and servicing and after the Porsche family vetoed the use of the brand name. Similar talks with Chrysler, Mitsubishi, Fiat and even with Soviet state motor agencies about the assembling of passenger cars in Austria have so far failed to produce concrete results.

As Austria imported [illegible] cars last year, the strains on the balance of payments became very serious.

India to make structural changes in foreign trade

BY K. K. SHARMA

NEW DELHI, Nov. 21.

FOLLOWING THE sharp decline in India's export earnings so far this year, the government has decided to introduce "structural changes" in the country's foreign trade "to lay the foundations for a stable and sustained growth in *exports." Commerce Minister,* Mr. Mohan Dharia, told Parliament today.

Countrywide studies are to be undertaken with the emphasis on diversifying markets as well as commodities. As a long term measure the Planning Commission is considering including in India's next national plan a list of selected export sectors which should have priority in the allocation of funds.

For the first time, major efforts are to be made to export agricultural goods with a beginning to be made with 500,000 tonnes of rice, 75,000 tonnes of onions and 650,000 tonnes of sugar.

Proposals are to be considered for the setting up *joint ventures,* not only in the industrial field but also in consultancy, trading, marketing, exploration of minerals and service ventures such as hotels and restaurants.

Mr. Dharia said that exports of tea, steel and cashew kernels fell sharply in the first half of 1978-79 and are mainly responsible for the heavy decline in export earnings in the current financial year. Tea exports fell by Rs 1.4bn (about £1bn), cashew kernels by Rs 641m and steel by Rs 519m. Export earnings of gems jewellery, engineering goods, cotton, garments, silver and sugar rose however

Total exports during the period (April to September 1978) are estimated at just Rs 249.7bn compared with Rs 258.4bn in the same period last year. Mr. Dharia gave several reasons for the *fall in exports* which severely reverses the trend of the past few years when exports rose by more than 20 per cent each year. These include recessionary conditions in developed countries and protectionist measures initiated by them. *Also* responsible for the erosion in export earnings has been the decline in the Rupee value of the dollar. International prices of tea and coffee have fallen sharply, he said.

Dutch urge cost-sharing

BY CHARLES BATCHELOR

AMSTERDAM, Nov. 21.

HOLLAND IS *pressing France to* give firm guarantees before Friday that it will share the *development costs of the Fokker* F-29 jet.

Agreement on French participation in the Fls 1bn development costs of the F-29 is the only unresolved issue in the wide-ranging plan for aerospace co-operation between the two countries.

The Dutch Cabinet is due to decide on Friday whether to choose the Breguet Atlantique, made by Dassault of France, or the Lockheed Orion as a replacement for its ageing Lockheed Neptunes used for marine reconnaissance work.

France has said it is ready to place compensation orders worth 50 per cent of the total value of the Atlantique order, and it is also prepared to buy 18 F-27 turbo-props. But to justify the Fls. 200m ($150m) price difference between the two aircraft and to help maintain Fokker as an independent manufacturer, Holland would like France to take a share of about 25 per cent in the F-29 development programme.

Mr. Gijs van Aardenne, the Economics Minister, met the French Ministers of Trade and Defence in The Hague yesterday for a second round *of* talks.

A refusal by the French to join the F-29 project does not mean Holland will automatically choose the Orion, an Economics *Ministry spokesman said. But it* does mean that the U.S. aircraft stands a better chance of being *chosen.*

The Atlantique has up to now been the favourite to replace the *Neptune,* despite *its* higher price and the fact it could not be delivered until 1984, two or three *years after the Orion.*

Lockheed has agreed to let Fokker assemble the Orion *in Holland, and U.S firms are ready* to place compensation orders worth at least $60m. But Fokker *sees little point in setting up a* production line for only 13 aircraft.

● The U.S. Air Force has authorised the McDonnell Douglas Corporation to begin production of the KC-10 advanced tanker cargo aircraft, a derivative of the DC-10 commercial airliner.

During the next year, the Air Force will spend $132.5m for the *acquisition of two aircraft and* pay the balance of the non-recurring engineering costs. In addi*tion, authorisation was also given* to McDonnell Douglas to purchase the initial spare parts and other *support for the KC-10 system.* A total of $15.5m will be spent on this effort.

The Air Force awarded a basic contract for the KC-10 and a separate contract for its logistics support to McDonnell Douglas last December. Up to 20 KC-10s may eventually be bought by the USAF.

Finland, USSR accord

BY LANCE KEYWORTH

HELSINKI, Nov. 21.

TRADE EXCHANGES between *Finland and the Soviet Union,* valued at about FM 6bn (nearly £759m) each way, were signed *in Helsinki today This is some*what more than was foreseen in the five-year framework trade *agreement for 1976-80* signed in 1975.

Finnish metal and engineering exports totalling FM 2.7bn (£341m); 26 ships valued at FM 1.5bn (£189m); paper board and other forest industry products; ready-made clothing and shoes; and agricultural produce make up the Finnish export list, together with payments due for major construction projects in progress across the eastern border.

The Finnish import list is dominated by solid and liquid fuels, including 7m tonnes of crude oil. Finland wanted to buy even more crude, but the Soviet Union refused the request. Other imports in the energy category are electric power and *natural* gas.

Soviet machines and equipment, cars, and raw timber also appear on the list.

Meanwhile, it was announced that the export value of Finnish forest industry products is expected to grow by 18 per cent this year and by about 12 per cent in 1979.

However, the situation is far from satisfactory, according to Mr. Lauri Kirves, Managing Director of the Central Association of Finnish Forest Industries.

Speaking at a Press confer*ence, Mr. Kirves said the forest* industry had been incurring heavy losses for the past three *years, with the situation varying* considerably within branches of the industry.

Exports of paper, paperboard and converted products are expected to increase in value by *21 per cent this year (10 per* cent in 1979), while the volume increase will be 12 per cent (5 *per cent in 1979). The* value increase for plywood will be about the same as the volume *growth, but rising prices should* give a better result in 1979.

The pulp estimates reveal most clearly the need for higher prices: volume will expand 29 per cent, value only 24 per cent, this year. In 1979, the ratios could be 10 and 31 per cent respectively, which suggests that pulp prices may rise considerably.

The growth in value of forest industry exports has *been distinctly* greater than the increase in consumption, largely for two reasons. One is the *regaining of* lost market shares by taking a heavy loss on prices, and the other is *stock replenishment* by buyers.

According to Central Associa*tion calculations, the forest* industry recorded a deficit of FM 2.4bn (£304m) on sales of *FM 12.6bn in 1977, and* the estimates for 1978 are FM 1.9bn and FM 14.3bn (£1.8bn), respectively.

Soviet aid for Pakistan steel mills

BY IQBAL MIRZA

KARACHI, Nov. 21.

THE SOVIET UNION is to provide assistance of over Rs2bn (£100m) to Pakistan as additional relief for the Karachi steel mills under construction. Under the *agreement the credit is repayable* in five years at 6 per cent interest rate.

It is also reported here that over $1bn of assistance has now been committed to Pakistan in the form of loans and grants by several countries and international organisations. These include the U.S., Britain, the Soviet Union, Japan, Canada, the United Nations Development Programme, the Asian Development Bank, the Organisation of Petroleum Exporting Countries, the Islamic Development Bank and a consortium of foreign banks.

Gandhi faces expulsion threat

BY K. K. SHARMA

NEW DELHI, Nov. 21

Strike wave cuts phones and power

BY ANDREW WHITLEY

TEHRAN, Nov. 21.

IRAN WAS hit by a new upsurge of public sector strikes and violence today as the Iranian parliament debated a motion of confidence in the two-week-old military Government of General Gholam Reza Azhari, the Prime Minister and Chief of Staff.

As General Azhari was addressing the Majlis, the lower house of parliament, on his Government's programme Tehran was blacked out by an electricity workers' strike. Troops later moved into the Shahryar power station which supplies half the capital's electricity.

Military technicians took control of the power station after a walk-out by 2,000 workers. The strikers are demanding a return to civilian rule, an end to martial law, the release of political prisoners and other major changes. The power workers plan further stoppages.

Many businesses and private individuals have been badly hit by the telecommunications strike that has virtually cut off Iran from the outside world for the past few days. Conditions improved somewhat this afternoon but many employees are on strike or going-slow. Cables to the satellite ground station near Hamadan are reported to have been cut. The strikers are demanding the release of Dr Karim Sanjabi and Dariush Farouhar the top two members of the opposition National Front, who were arrested last week.

The Crisis in Iran

The increase in politically motivated strikes is adding to the already very great disruption caused by other strikers. The Finance Ministry has now been on strike for over a month. This has led to thousands of foreigners who wish to leave the country being stranded in Iran. Foreigners resident in the country have to have a tax clearance document from the Ministry before they can get an exit permit.

A stoppage by customs officials is also causing considerable difficulties to companies because the movement of imports is disrupted. Thousands of tons of perishable goods have been lost because importers have been unable to get customs clearance.

In addition to the strikes demonstrations have continued. One person was killed and 20 wounded in the northern part of Tehran on Monday when troops fired on a crowd of 600 demonstrators, the capital's military command has announced. At the same time the Government put the death toll during trouble in Sari at five, but unofficial estimates put it at 12. A doctor just returned from the city said it could be as many as 20.

Shooting has also taken place in the desert city of Yazd in which local sources say that four men and a woman were killed. This follows trouble on Sunday in Shiraz, in normal times one of Iran's most relaxed and cosmopolitan cities, where the security forces fired into a crowd causing an unknown number of casualties.

The continued strikes and shootings make the realisation of General Azhari's six part programme, which he defended today during a confidence motion debate in the Majlis, look increasingly slim. The key points of the programme are the restoration of calm and security, a speedy campaign against corruption and guaranteeing that food, fuel and electricity supplies return to normal.

The Shah of Iran

Is the Shah in control?

BY ANTHONY McDERMOTT

IT NOW seems clear that a military takeover in all but name has taken place in Iran. The major problem facing both General Gholam Reza Azhari, the Prime Minister, and the Shah now is how it will be possible for the military to pass back control to civilian politicians. The prospects for such a transfer look, at present, very remote.

At present, General Azhari feels bound to stand by the constitutional and symbolic importance of the Shah. Thus, it is understood, General Azhari puts forward ideas and policies to the Shah, who endorses them and then promulgates them as his own, thereby preserving the fiction of his authority, which is crucial for the preservation of the unity of the armed forces.

General Azhari has made three issues his priorities for what he hopes will be a "temporary" stay in office: the restoration of law and order in the streets; an end to strikes and an anti-corruption drive. On each of these points, the possibilities of success look so distant that General Azhari's tenure of office—or that of another military government—looks increasingly assured.

This was underlined by the General who, in an interview reported today, said: "I am responsible—not the Shah."

First, it is clear that, however much the present government is claiming that workers are returning to work, strikes are continuing on a damaging scale in such key areas as the oilfields in Khuzestan and becoming more acute in such sectors as power and telecommunications. The strikers' claims are now increasingly political—against the Shah—and therefore less easy to meet. It becomes more likely that the longer these disputes continue, the deeper the military will have to intervene.

The second issue—the economy—is intimately involved with the first. The damage already done, combined with policies already started before the current crisis, mean that Iran has had to scale down its development ambitions and will have to settle for the next two or three years for what amounts to a recession in comparison with the socially and politically damaging boom years which followed the rise in oil prices in 1973-74. Even though Iran's economy may be finding its more realistic levels during the next few years, the repercussions are bound to be felt locally, and strengthen political opposition to the Shah and his government.

Thirdly, General Azhari's genuine determination to pursue corrupt officials up to levels just short of the Shah and his immediate family — and this includes such figures as Mr. Amir Abbas Hoveida, Prime Minister between 1965 and 1977, and subsequently Court Minister, and General Nematollah Nassiri, head of the infamous intelligence agency SAVAK from 1965 until the summer of this year—could result in the position of the Shah being so tainted that he becomes a liability rather than a focus of loyalty to any government.

Finally, there is the question of General Azhari's civilian successor. When free elections were announced in the summer, due before the end of next June and their holding still the Shah's solemn intent, some 40 potential parties were described in the local press. In realistic terms, their numbers are of course far smaller, and the question of forming a national government revolves more around personalities such as Dr. Ali Amini (Prime Minister 1961-62) and Dr. Karim Sanjabi, leader of the National Front rather than parties. However, the chances of these politicians either being able to agree—inevitably with some measure of approval from the religious leader Ayotallah Ruhollah Khomeini in Paris—or being able to keep Iran under control make it clear that General Azhari has almost nobody to hand over power to, even if he were to make some progress towards his three self-professed goals.

LAOS

Food takes priority as vast resources remain untapped

BY NAYAN CHANDA, RECENTLY IN VENTIANE

WITH THE completion of the second phase of Laos' biggest hydro-electric station at Nam Ngum, the total generating capacity of the country almost doubled this month but ironically enough this is not going to turn a new plant nor even a new bulb. For millions of Lao peasants trying to illuminate their wooden home with ... made of resin wrapped in banana leaves, the darkness of night remains unrelieved. Lacking infrastructure and even basic industries Laos economy is too poor even to profit from such blessings of civilisation.

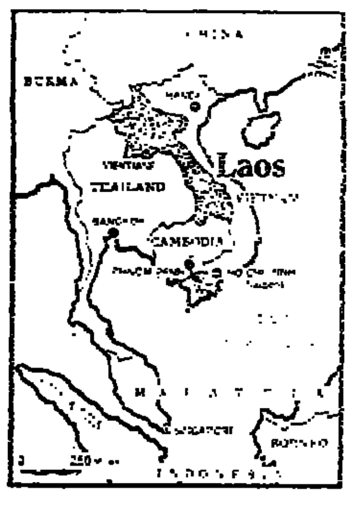
The Nam Ngum hydro-electric project, built with multilateral assistance sponsored by the Asian Development Bank, will now generate 110,000 kilowatt of electricity. But almost 100,000 kilowatts will not find any immediate use in the country and would have to be exported to neighbouring Thailand. This apparent irony in a way sums up the state of the Lao economy which, with its vast potential and a small population of approximately 3.5m should have been one of the prosperous countries of the region but remains one of the poorest with an estimated $US90 per capita GNP.

Laos, which is about the size of West Germany, has 60 per cent of its territory covered with rich forest, an estimated 11bn tons of iron ore and 700,000 tons of tin, and vast quantity of potash and other mineral reserve and an estimated hydro-electric potential of 12,500,000 kilowatt but the country remains desperately poor. With the exception of small tin mines other mineral reserves remain untapped and so does precious wood in the inaccessible and uncharted forest. Electricity from Nam Ngum illuminates the capital Vientiane but there are few industrial installations to run. Decades of neglect and incessant warfare have not given Laos any chance to develop.

While the French treated Laos as the backwater of Indochina, the Americans spent fruitless millions to shore up an anti-Communist regime and destroyed vast parts of the country in mindless bombing. Since the American war in Laos was fought from the air it did not even bring the side benefit of good strategic roads. Less than 10 per cent of the roads is usable during the monsoon.

An average of $75m of foreign aid that was pumped into the country between 1968 and 1973 to finance import and provide budgetary support to the Vientiane regime only distorted the subsistence economy by creating pockets of artificial prosperity. A confidential world bank report in 1975 warned that if suddenly western aid was halted to the then left-wing coalition government it would "cause the collapse of organised administration and much of urban life." The report added: "The prosperity (of the Vientiane zone) based on existing aid programmes is no doubt artificial, but were they to be brutally reduced real poverty would follow."

And this exactly seems to have happened when in 1976 following the Pathet Lao takeover of Laos the regular multilateral aid programme from the west was halted. Initially some socialist aid came in to cushion the impact of the loss of western aid but it was clearly inadequate. While the handful of existing industrial establishments were hit by a lack of raw materials and spare parts, a sharp drop in imports not only created shortage of essential but rendered a large section of the urban population engaged in trade jobless. A demonetisation of the old currency in mid-1976 somewhat curbed the inflation



but amid growing shortage of food and all essential items the price spiral could not be halted.

As predicted by the World Bank, a "real poverty" did follow which, along with fear and dislike of a communist regime, led to an exodus of thousands of Lao to Thailand. France and the U.S. The refugee flow involved a large number of the country's educated elite. This brain drain together with continued incarceration of probably 40,000 former soldiers and officials in re-education camps have deprived the country of much-needed managers and professional people.

The general economic dislocation caused by loss of aid had been further aggravated by a food crisis. On top of a bad harvest in 1976 came the most serious drought of 1977 virtually threatening the country with famine. An appeal launched by the UN has since brought about $30m in food and other agricultural aid and averted the famine. But at a time when the country was heading for the first good harvest in three years, floods in August and September dealt yet another blow. According to a Lao Government report half a million people are now "seriously threatened by starvation," and 710,000 people would need assistance for the lean months of 1979. Yet another appeal has been launched for 120,000 tons of rice.

The response to the appeal has so far been extremely lukewarm. Apart from certain apathy towards what is seen as another "international basket case," Western nations, which have already committed aid to UN-sponsored funds, are reluctant to provide additional bilateral aid. Besides token grant of medicine and some clothes from the Soviet Union, Bulgaria and Czechoslovakia and some food aid from China, Laos' east bloc partners have shown total unconcern. The food supply in Vientiane which seemed to improve earlier this year, thanks to international assistance, is again facing difficulties.

Since September no ration has been made available to the population with the exception of government employees. The newly harvested rice from areas not affected by the flood are still available in the free market at 300-400 kips a kilogram (75 cents to one dollar) but the situation is not desperate but could well become so in a few months' time if no foreign assistance is forthcoming.

While appealing for food aid the government is urging people to grow subsidiary crop like cassava and corn and grow a late rice. If the government can tide over the present difficulties there is every chance that within a few years Laos would become self-sufficient in food. However, apart from natural disasters another snag in achieving this goal could be a tough and doctrinaire application socialism. In June this year the government launched a campaign to organise the easy-going Lao peasants into co-operatives with the aim of revolutionising agriculture.

While some progress has been made in mobilising peasants to build reservoirs and dig canals the co-operativisation campaign has also provoked some passive resistance from peasants. Experienced observers in Vientiane believe that by hastily pushing co-operatives at a time when the Government is incapable of providing much material incentive, it might even bring about a drop in production.

While pushing ahead for socialist reform in agriculture, the Government has, nevertheless, shown some flexibility in dealing with private trade. Although big commercial enterprises—owned principally by Chinese and Indian traders—have been nationalised with compensation, small-scale private trade is allowed. The Government collects customs duty and sales tax but otherwise turns a blind eye to the financial aspect of the operation which involves black marketing in dollars—which fetch 2,000 kips in black market compared to official rate of 400 kips. Particularly, in order to increase export earning the Government is allowing private traders to operate as official agents. Thanks to improved organisation Laos' export earning in 1978 will reach $17m more than double of previous year.

Although in view of Lao's continuing need of food and basic commodities from abroad, the trade deficit — which averaged $40m to $45m a year—is likely to remain high for some years, the country's exports can make rapid strides and provide much needed capital for lifting its subsistence economy by its bootstraps. A major effect is underway, with foreign assistance, to organise timber export and to expand coffee plantations in the Bolovens Plateau. Timber and coffee has been the country's two big foreign exchange earners. Although Lao's present level of industrialisation does not permit utilisation of the additional power from Nam Ngum its exports can at least increase the dollar earning on this account from its present $2m to some $7-8m. However, for the next few years Lao's main worry is going to be food and its gain from export is likely to be used to feed and clothe people rather than build industry to tap the country's enormous resources.

Zambia looks east for arms

By Michael Holman

LUSAKA, Nov. 21

ZAMBIA IS to divert funds intended for social services to arms purchases, President Kenneth Kaunda announced yesterday.

Speaking at a Presidential election rally at Choma, 150 miles south of Lusaka, Dr. Kaunda did not disclose the amount that would be diverted but said: "The money we have to spend on hospitals and schools will, unfortunately, have to be spent on these weapons."

Military spending is a secret, and estimates range from 15 to 25 per cent of the budget. The decision follows last months Rhodesian bombing raids on Zimbabwe African Peoples Union (ZAPU) installations in Zambia, during which the Zambian armed forces appeared powerless to retaliate. Dr. Kaunda's explanation at the time was that not enough had been spent on defence. "But now the central committee has empowered me to look elsewhere for arms to keep out the aggressors," the President told the Choma rally.

Dr. Kaunda is also reported as saying that the raids had been carried out with the backing of Britain, U.S. and other Western countries who had invested heavily in Rhodesia and South Africa.

Having publicly declared that defence spending has been inadequate, it may be that Dr. Kaunda now feels obliged to remedy the omission. Whatever the reason, the Zambian Army is now playing an increasingly important role in the country's politics.

Britain provided a £10m military aid programme in the wake of the raids, including Tiger Cat ground to air missiles, but the equipment is for defensive use only and is limited to Lusaka and other Zambian towns.

New arms supplies are unlikely to come from the west, and Zambian military delegations have visited China and Yugoslavia in past weeks. Nevertheless, a major problem will be the country's acute shortage of foreign exchange. Spending on military hardware could also jeopardise Zambia's pledge to reduce arrears in payments for imports and the remittance of dividends and profits, which total Kwacha 450m (£290m). A steady reduction in arrears was a key provision in the U.S.$390m International Monetary Fund (IMF) two-year aid programme agreed to in March.

Many Zambians will be dismayed at the prospect of social service cuts. The January budget saw substantial reductions of both capital and recurrent expenditure, and health, education and other services are suffering.

Rhodesian schools close

By Tony Hawkins

SALISBURY, Nov. 21.

THE GUERRILLA war in Rhodesia has led to the closure of more than a quarter of the country's black schools in rural areas and 26 per cent of black pupils are being deprived of education. This was announced today by a Rhodesian Government official after a countrywide tour of African schools. The spokesman warned that a whole generation of children could be doomed to illiteracy.

The spokesman said that 82 African school-teachers have been killed by guerrillas in the six year old war. Many of the teachers are forced to give some of hteir monthly pay checks to the guerrillas.

Eritrean withdrawal in face of major Ethiopian offensive

BY JAMES BUXTON

ERITREAN FORCES say they are pulling back in the face of the major new Ethiopian offensive which began at the weekend. The Eritrean Popular Liberation Front (EPLF), one of two main groups fighting for the independence of the Red Sea province from Ethiopia, said it had abandoned its positions on the strategic road from Asmara to Massawa.

In a radio message from the front, the EPLF said: "Due to the continuing battles, and for strategic military reasons, we resolved to make a tactical withdrawal from our eastern front. ... We announce the withdrawal of our forces from their positions on the Asmara-Massawa road on November 21."

An EPLF spokesman in London said that the withdrawal, which took place early on Tuesday, was necessary in order to strengthen the forces defending the EPLF-held town of Keren to the north-west. He said that a large Ethiopian force was pressing north-west towards Keren from Adi Ugri, which is south of Asmara, the capital.

The withdrawal from the Asmara-Massawa road, which the EPLF has controlled for about a year, appears to be a serious setback to the Eritreans, though the EPLF says it will still be harassed by guerrillas. The need to concentrate its forces on Keren indicates the power of the Ethiopian attack.

The Ethiopian Government, which has 80,000-100,000 men in Eritrea, launched an offensive in June which succeeded in reoccupying several towns and seriously weakening the Eritrean Liberation Front (ELF), the other main liberation force. But though the EPLF also gave up some positions it was able to prevent the Ethiopians retaking Keren and halted their advance in battles with heavy casualties north of Asmara. By late August the Ethiopian offensive had petered out, and was not resumed on a large scale until last Saturday.

The Ethiopian forces are assisted by Cuban troops who operate artillery and heavy equipment, while Russian military advisers are believed to play a co-ordinating role. While the Ethiopians have greatly superior manpower and equipment the Eritreans are helped by the rugged, mountainous terrain, the support of the local population and their own fierce commitment and determination.

Reuter adds from Khartoum: The Tigray People's Liberation Front (TPLF) said on Tuesday that its forces had ambushed a battalion of troops sent to search for a kidnapped U.S. pilot and had killed 208 soldiers in Ethiopia's northern province of Tigray last Friday.

S. Africa Press row grows

BY QUENTIN PEEL

JOHANNESBURG, Nov. 21.

A CONFRONTATION between the South African Government and the Press came a major step closed today with an announcement that all Cabinet Ministers on the boards of newspaper groups are to resign their directorships.

The announcement by Mr. P. W. Botha, the Prime Minister, coincided with a separate move to subpoena one of the key journalists involved in investigations into the former Department of Information.

Although it only affects a small number of Ministers, the Cabinet decision ends a long-standing tradition for leading members of the Government to serve as directors of the official National Party Afrikaaner newspaper groups.

Mr. Botha said he had himself left the Board of Nasionale Pers, the newspaper group based primarily in the Cape, when he became Prime Minister. Other Ministers on that Board are Mr. S. P. Fanie Botha, the Minister of Labour, and Dr. Piet Koornhof, the new Minister of Plural Relations (Black Affairs.

The only leading politician on the board of the Transvaal newspaper group, Perskor, is Dr. Connie Mulder, who resigned from the Cabinet because of the scandal over his former Information Department, and therefore is not bound by the decision.

The Afrikaans-language newspapers along with the traditionally hostile English-language Press, have fallen foul of the Government over the investigation into the former Information Department. All South African newspapers published evidence about the Department's activities in defiance of an order by the Prime Minister not to do so.

Mr. Botha held a meeting with members of the Newspaper Publishers' Union last week at which it is understood that he demanded tighter measures of "self-discipline." If the newspapers failed to suggest a more effective body than the existing non-statutory Press Council, the Prime Minister said he would set up a parliamentary commission to investigate possible legislation along those lines, according to informed sources.

The journalist ordered to appear in court tomorow is Mr. Kitt Katzin, assistant to the editor of the Johannesburg Sunday Express. According to the subpoena, he must answer questions as a person likely to possess information about an alleged offence of murder, corruption or fraud.

Mr. Katzin, who has been involved in investigations into the activities of the former Information Department for more than a year, published a story on Sunday suggesting that Dr. Robert Smit, the former South African envoy to the International Monetary Fund, had been involved in a top secret Government investigation before he was brutally murdered last November. The story was vehemently denied by Mr. Botha. If Mr. Katzin refuses to answer questions, he could face a jail term of up to two years.

The latest furore coicides with a major development in the bitter National Party contest for leadership of the Transvaal province. Mr. Hendrik Schoeman, the Minister of Agriculture, announced his withdrawal from the election today, leaving a straight contest between Mr. Fanie Botha, on the Left wing of the party, and Dr. Andries Treurnicht, an extreme Right-winger. The election to succeed Dr. Mulder takes place on Saturday.

Japan may sell $ if yen falls

By Richard C. Hanson

Bank and Savill may cancel ship orders

BY LYNTON McLAIN

THE BANK and Savill Line plans to cancel letters of intent with British Shipbuilders for container ships worth £36m if the Government fails to win European Commission approval for use of the £85m UK shipbuilding intervention fund.

The fund was set up in July to bring UK shipyard prices down to the level offered by overseas shipyards. It was approved by the EEC subject to the Commission vetting each application. Without the fund ships built in Britain would be uncompetitive and Bank and Savill would almost certainly place its orders overseas.

Bank and Savill wants two refrigerated container vessels of 16,300 deadweight tonnes to operate in partnership with the Shipping Corporation of New Zealand by early 1980.

British Shipbuilders is eligible under the intervention agreement for Government aid up to 30 per cent of the capital cost of each ship.

The Commission was expected to have agreed to the aid for the Bank and Savill ships by Monday, but failed to do so. Yesterday, the Industry Department, which administers the fund, said that none of the £85m had yet been allocated to British Shipbuilders.

Mr. William Kirkbride, a director of the Bank and Savill Line said yesterday that the company had tenders from Korea, Japan, West Germany, Poland, Yugoslavia and Spain as well as the UK. The average quote was £18m for each ship including 350 refrigerated containers.

"We would not be interested in building the vessels in Britain unless British Shipbuilders' quote was comparable," he said. If there was no agreement with the Commission, the letters of intent to purchase from British Shipbuilders would come to nothing.

At the moment, no order had been placed with British Shipbuilders, but Mr. Kirkbride said he hoped approval for use of the intervention fund would come by the end of the month.

British Shipbuilders said it had won orders for six vessels since the fund was launched. The corporation did not know if work had started on the vessels.

The six orders included last month's £10m order from Nepal for two SD 14 ships from Austin and Pickersgill, Sunderland, which may involve use of the fund. BP Oil ordered two petroleum carriers last week from the Appledore yard, Devon. The yard won another order yesterday when Rowbotham and Sons (Management), a subsidiary of the Ingram Corporation of New Orleans, placed an order for an 8,000 dwt. product carrier.

BP ordered a £60m emergency offshore support vessel in mid-August from the Scott Lithgow yard of BS. Work on many of these orders may remain pending until the Commission grants permission for intervention aid to be forthcoming.

The Shipping Corporation of New Zealand ordered a similar container vessel to those proposed by Bank and Savill, but from the Brener Vulkan yard in West Germany. Subject to approval by the U.S. Federal Maritime Commission, the ship will operate with the Bank and Savill vessels between Australia and New Zealand and the U.S. Gulf and Caribbean ports.

Bank and Savill is 50 per cent owned by Furness Withy and 50 per cent by Bank Line.

Plea rejected

CLAIMS of a possible health hazard have been rejected by the District Council at Corby, Northants, and planning permission approved for Beaver Foam to open a £2m plant in the town. The company manufactures cushion materials using a highly toxic substance, which some claim gives off poisonous fumes. Nearly 300 people will be employed at the plant.

Accountants support Bill in principle

By Michael Blanden

THE accounting profession has supported the general approach to the supervision of the banking system in the new Bill, published recently and due for its second reading tomorrow.

In a memorandum to the Treasury, the Consultative Committee of Accountancy Bodies nevertheless recorded concern over the wide powers that would be available to the Bank of England to revoke the recognition of a bank or the licence of a deposit-taking institution.

It also commented on the provision under which appeals against revocation would be addressed to the Chancellor of the Exchequer. Since the Chancellor was also ultimately responsible for the Treasury and the Bank, the accountants argued, an independent appeal board should be established.

The accountancy bodies suggested that further consideration should be given to the financial disclosure obligations on banks and deposit-taking institutions. Many large depositors would become even more dependent than now on the effectiveness of the Bank's confidential supervisory procedures.

It might be desirable, the accountants argued, to consider whether the public should be entitled to greater financial disclosure from banks and deposit-taking institutions.

Homes scheme competes with building societies

BY EAMONN FINGLETON

THE Trustee Savings Banks are to provide £200m a year for a new home loan scheme which is expected to bring them into direct competition with building societies.

The TSBs, which are now being fused into a single national organisation, are launching the scheme as part of their participation in the Government's new house purchase assistance programme.

Under this, would-be first-time home buyers are to get grants and interest-free loans from the Government after saving for two years with an approved savings institution.

The TSB mortgages will be allocated to borrowers who establish their right to Government aid by saving with a Trustee Savings Bank. Savings from December will count for the Government programme and in two years the TSBs will grant their first mortgages.

The Government will make grants of up to £110 and provide interest-free loans of up to £600 to successful participants in the programme, which will be run primarily by the building societies.

The TSB said yesterday that the terms of the new mortgage scheme had not yet been worked out but they would be "competitive with building societies."

Already the Birmingham branch of the TSB provides mortgages on a limited scale and it has been known for some time that the movement is becoming increasingly interested in home loan business.

The TSBs' lending programme will provide more than 13,000 mortgages averaging £15,000 each a year from the end of 1980.

In evidence to Sir Harold Wilson's committee on the functioning of financial institutions, the TSB movement said it would have to increase its free reserves as a result of its transition towards operating as an independent banking organisation. Because of restricted activities under Government support and ability to accumulate enough reserves,

It told of plans to enter the commercial lending market next year. The movement will concentrate on lending to sole traders initially but will eventually lend also to major concerns.

The submission criticised the 1974 Consumer Credit Act which is now being implemented in stages.

House buyers 'seeking new loan sources'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

POTENTIAL home purchasers appear to be seeking new sources of finance because of the long delays in obtaining mortgages, according to Bernard Thorpe and Partners, the estate agents.

In its latest quarterly property market survey, the company says that difficulties in obtaining building society loans, with waiting lists as long as 12 weeks, have encouraged a growing number of people to seek finance from banks and insurance companies.

However, the company predicts that the home loans queue should shorten in the coming weeks, as the recent rise in mortgage rates helps to reduce demand.

Thorpe adds weight to the evidence that house prices have risen more rapidly this year than at any time since 1972-73. It says that in the past six months, price increases of between 20 per cent and 25 per cent have been recorded in several parts of the country, notably the North-East, parts of the Midlands, and the South-East.

The survey reports shop rents as "going through the roof," with rents in Oxford Street, London, rising by 20 per cent in six months and a standard shop with a maximum 20-ft frontage costing at least £85,000 a running costs.

Sixth year of free banking at Co-op

By Michael Blanden

FREE BANKING for Co-operative Bank customers who keep in credit will be continued next year, but charges for those who overdraw are to go up.

Mr. Lewis Lee, the chief general manager, said: "A free banking service is not only a very good deal in its own right; it's also easy to understand from the customer's point of view."

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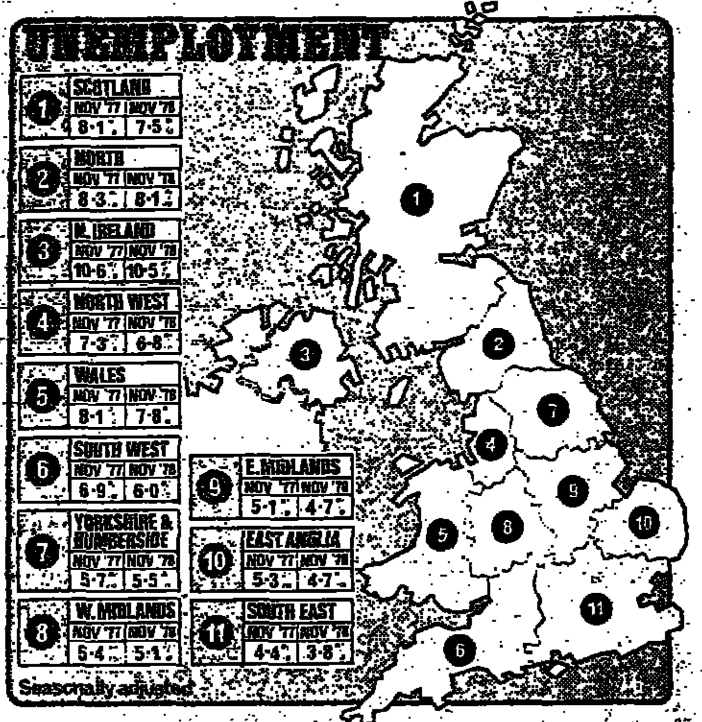
The decision to maintain the system for the sixth successive year retains the Co-op's competitive advantage over the big four clearing banks in terms of personal account charges at a time when the big banks have been announcing increases in their rates.

Charges for customers who overdraw will rise sharply. The charge for debit items—withdrawals, standing orders and direct debits—will increase from 9p a time to 12p from the beginning of next year.

The bank is lifting its safety net for customers who overdraw only briefly, by raising the figure below which charges are waived from 25p to £1.



THE NUMBER of adults out of work has fallen by 6.4 per cent over the last 12 months, but this has masked a widening in regional differences. There has been a sharp contrast in the experience of the traditionally more prosperous regions—notably south-east England and East Anglia—and Northern Ireland, Wales and northern England. Adult unemployment in south-east England has fallen by 13 per cent. There has been a drop of nearly a tenth in East Anglia and of 11¾ per cent in the South-West. In contrast, unemployment has increased by 1½ per cent in Northern Ireland, although it dropped by 4½ per cent in the month to mid-November. The number of adults out of work declined by much less than the national average drop in Yorkshire and Humberside, northern England and Wales.

British Airways plans extra Concorde flight

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 62,000 passengers have flown on British Airways' Concorde service between London and New York since it started a year ago today.

British Airways has made 814 Concorde flights to and from New York, with an average load factor (the proportion of available seats filled) of more than 77 per cent, which is high by general airline standards.

The frequency of 12 flights a week is to be increased to 13 in January, when the "breakfast service" by Concorde, which departs at 9.15 am from Heathrow and arrives in New York at 8 am local time, will leave on six days a week against five at present.

British Airways said this early-morning Concorde flight has bred a new-style of transatlantic commuter, the businessman who goes to New York and back in a day. By catching Concorde and arriving in New York at 8 am, he has ample time for a meeting before leaving on Concorde at lunchtime and arriving back at Heathrow by 9 pm in the evening.

Force Crag seeks new partner for Lakes mine

BY PAUL CHEESERIGHT

THE ATTEMPT to re-open the Force Crag lead and zinc mine in the Lake District National Park now depends on another partner coming forward with new capital.

The owner of the mineral lease, Force Crag Mines UK, is 54.66 per cent owned by New Force Crag Mines of Toronto. It is actively seeking a joint venturer who will finance the building of a mill in return for an equity stake.

The mine, which is 4½ miles from Keswick, on land owned by Baron Egremont, was in spasmodic production between 1848 and 1966. Exploration work over the last 18 months was carried out under planning permissions for previous operations.

The work has disclosed proved mineral reserves of 31,000 tonnes containing 2.08 per cent lead, 7.23 per cent zinc and 8.13 per cent barytes.

Force Crag management see barytes as a by-product for use in oil and gas well drilling.

More than £100,000 has been spent on exploration, although the original budget was set at £93,150. A new partner would have to spend more than this on a mill.

If second-hand plant was used the cost would be between £100,000 and £150,000, but new plant bought to win the benefit of capital allowances would increase the cost by £90,000.

Present plans are for a small mining and milling operation, which would employ 15 people and produce 50 tonnes a day.

William Stern seeks damages over letter

WILLIAM STERN, the bankrupt property director, with record debts of £104m, is to ask a High Court libel jury to award him damages over a letter which, he claims, inferred he was secretly planning underhand or dishonest property deals.

The letter was sent to Sir Antony Royle, Conservative MP for Richmond, Surrey; the Trade and Environment secretaries; two solicitors' firms, and City accountants Cork Gully.

Mr. Stern, of West Heath Avenue, Golders Green, London, 44-year-old former chief of the Stern group of companies which crashed three years ago, is suing Mr. Jack Beauprez.

Mr. Beauprez, of Upper Richmond Road, Richmond, is sole director of a residents' association, Sheen Court, which bought its own block of flats in 1976. The flats were formerly owned by one of the Stern companies.

Mr. Stern complains the letter meant he was secretly attempting to buy back properties once owned by his group, in an underhand or dishonest way at the expense of the tenants. Mr. Beauprez is defending the action, to be heard next year.

The new Minet House

100 Leman Street, London E1 8HG.

In less than 50 years since the firm was founded in 1929, the Minet Group has become one of the largest international insurance broking firms in the world. The new £8 million Minet House, the first to be specifically built for the Group, will house over 1,000 of its employees.

An £8,000,000 investment in the future

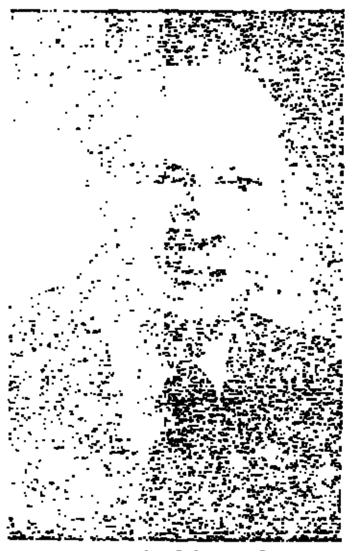
After two and a half years construction work on the project Minets, the international insurance group, moved into their new headquarters complex in Leman Street, on 6th November. The new building provides visible proof of the remarkable expansion of this worldwide group.

[illegible] employees [illegible] Minets, Mr [illegible] said, "On the [illegible] our [illegible] I would like [illegible] of you [illegible] for the [illegible] have made in [illegible] make this [illegible]

[illegible] building [illegible] clients. [illegible] to the [illegible] of crafts- [illegible] the [illegible] possible [illegible] provides a [illegible] building [illegible] world [illegible]

Managing Director of J. H. Minet [illegible] Ltd, Mr R. F. Mabbett [illegible] has had administrative responsibility for its construction and for moving in [illegible] the adjoining original Minet House site. "This has been a very major project, one which has taken years since we first acquired the site in 1973. There is no doubt that this magnificent building will greatly increase our ability to handle the ever expanding amount of business flowing into the Group. It will also prove highly attractive to new staff both locally in the Borough of Tower Hamlets and from other parts of London.

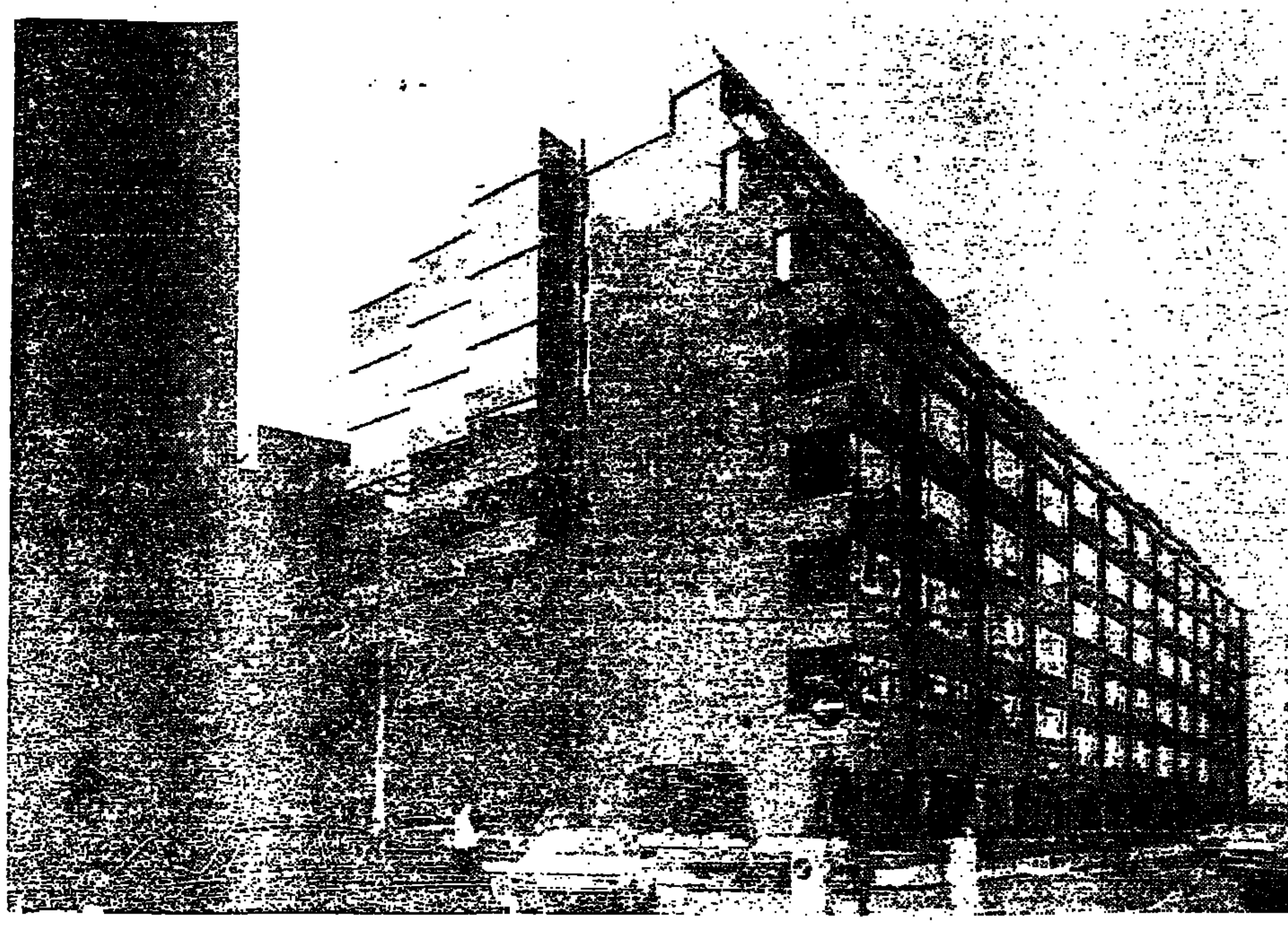
"Occupying 100,000 sq. ft. net of office space, it is finished to a degree of craftsmanship that would surprise many who criticize the standards of workmanship in Britain today."



Mr. John Wallrock.

A worldwide Organisation

Minets provide a wide range of insurance broking services, together with certain management and consultancy services, and now operate worldwide in virtually every country. With over 3,000 employees throughout the world the Group is expanding in accordance with a planned programme of broadening and strengthening the extent and level of service offered to clients in both the developed and developing world and the new Minet House is one manifestation of this expansion.



THE NEW MINET HOUSE. Architects: R. Seifert & Partners. Quantity Surveyors: Davis Belfield & Everest. Structural Engineers: Pell Frischmann & Partners. Mechanical & Electrical Consulting Engineers: Parsons Brown. Development Consultants: Dron & Wright. Main Contractors: Willment Bros. Ltd.

Today the experience of the Group in the field of insurance broking is exceptional. The growing importance of professional indemnity cover is widely recognised and the Group has become one of the leading brokers in the world in this field. Indeed, Minets have been described as the pioneers of professional indemnity insurance worldwide. The coverage provides vital safety to accountants, architects, surveyors, solicitors, bankers, company directors and executives—for all of whom the consequence of a wrong decision or an omission or error can be enormous.

Construction is another field—buildings under construction, completed or in operation, industrial accidents, loss of profits.

A special Division of the Group concentrates on the rapidly expanding area of oil, gas and petrochemicals where coverage is offered from initial exploration through on-shore and off-shore drilling operations, production and refining.

On the marine side it embraces, for example, ships under construction, ships navigating, and ships laid up, from small vessels to supertankers, from private yachts to major fleets.

One field in which Minets are pre-eminent is fine arts. Some of the world's most valuable works of art are insured through the Group.

Aviation too is a strong section of the Group's area of operations. From single aircraft to major fleets, from airport buildings and equipment to passenger liability and personal accident, from goods in transit by air to special protective schemes for aircrew personnel.

The rapidly expanding reinsurance market is another section where immense expertise has been acquired.

Co-operation with Governments

In several countries the Group have been invited by national governments to help establish the state controlled insurance company and to provide for the subsequent management. Help has also been given in the framing of suitable insurance laws.

Thus the Group provides, throughout the world, a standard of service and a level of professionalism which must be hard to surpass in what is a highly competitive sphere.

In the words of the Chairman, however, "It is our intention in the future to prove that even the best can be bettered." In the new Minet House it would appear that this goal is already being achieved.

Message from the Chairman of Lloyd's *Mr. Ian Findlay*

The expansion of Minets into the new Minet House provides further tangible proof of the increasingly important contribution of Lloyd's and Lloyd's brokers to the economic prosperity of the country.

At a time when many industries are facing economic difficulties it is symbolic of the strength of Lloyd's as an insurance centre that this major investment in a new headquarters by a Lloyd's broker has gone ahead.

The role of the broker in winning business against fierce competition around the world and in servicing that business with a high degree of professional skill is becoming ever more important. This role, combined with the flexibility and adaptability of the Lloyd's system results in a market which can address itself to virtually every insurance need.

The new Minet House is thus an asset, not only to the Minet Group, but to the Lloyd's market as a whole and, as such, I welcome its completion and congratulate those whose efforts have created it.

A tradition of pioneering

The founder of the Minet Group, John Minet, was a believer in coming in first. After he established the firm in 1929 he set a precedent by introducing a significant amount of direct American non-marine business at Lloyd's, which until then had largely concentrated on re-insurance business.

In 1959 Minets set another precedent by becoming the first Lloyd's broker to go "public". At that time a number of other Lloyd's brokers were subsidiaries of public companies but none had previously formed a public company purely as a brokerage concern.

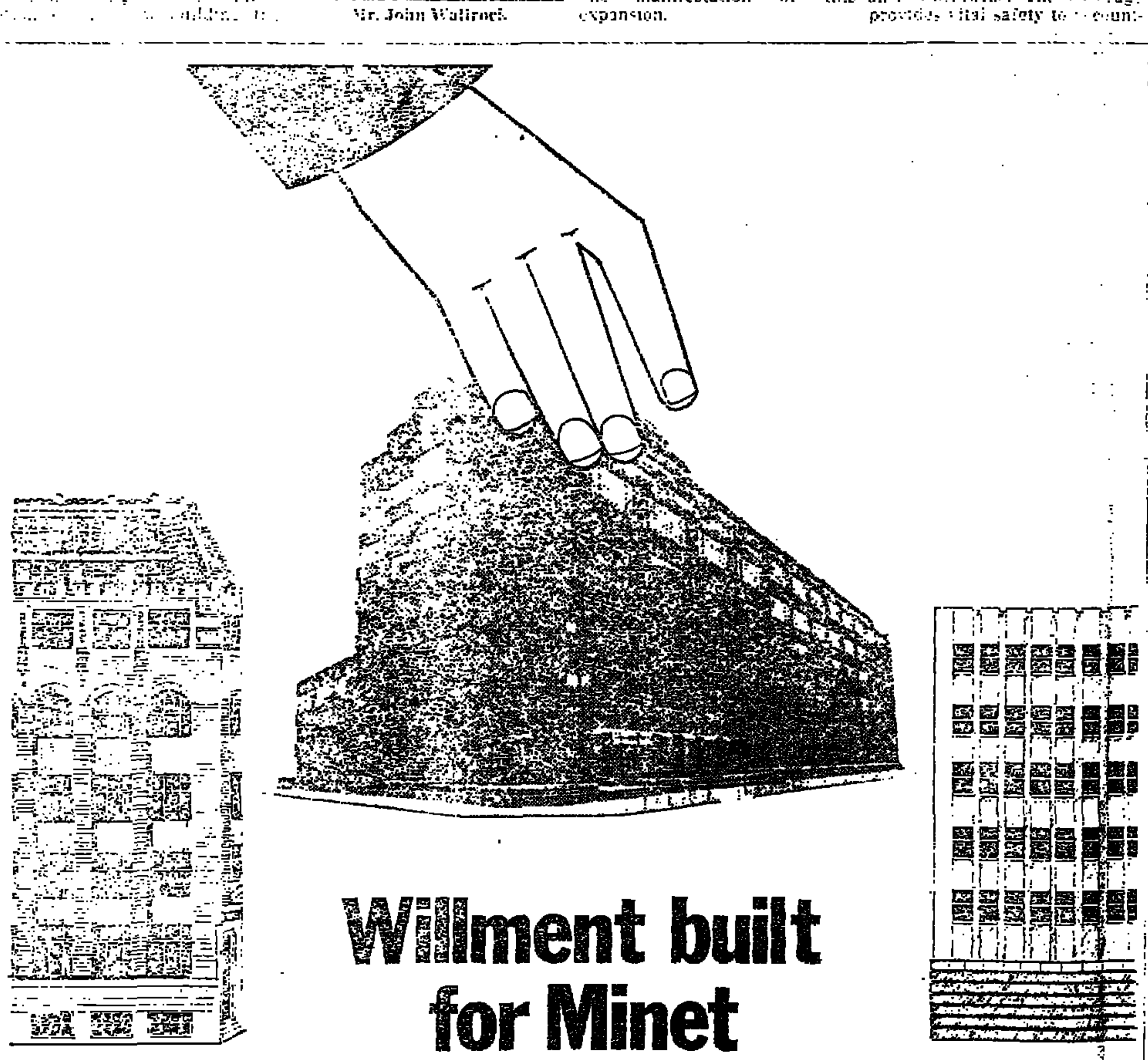
In 1970 Minets became the first major international insurance broker, indeed the first major City firm, to take the momentous step of moving the whole of their office staff out of the City of London and into new offices a few hundred yards to the East of the City in Prescot Street.

At the time this bold move was regarded in some circles as being fraught with danger to both the reputation and the operating efficiency of the Group. In fact the move was exceptionally successful.

Minets thus became the pioneers of what has since become known as "The Move to the East."

These three Minet "firsts" were followed in 1973 by the winning of the first Queen's Award to Industry ever made to an insurance broker and, in 1978, by the Queen's Award for Export Achievement, the first time the Award had ever been won twice by an insurance broker.

If John Minet were alive today he would surely have been extremely proud that the tradition of pioneering he established had been so effectively emulated by his successors.



Five years of record growth

In the last five years the growth of the Group profits of Minet Holdings Ltd., and the earnings per share, has been considerable.

A Group profit in 1973 of £4.2m had risen by 1977 to £14.9m. The biggest leap forward occurred between 1975 and 1976 when the profit nearly doubled from £6.9m to £12.6m. In the same five year period the earnings per share increased from 4.17p to 16.03p.

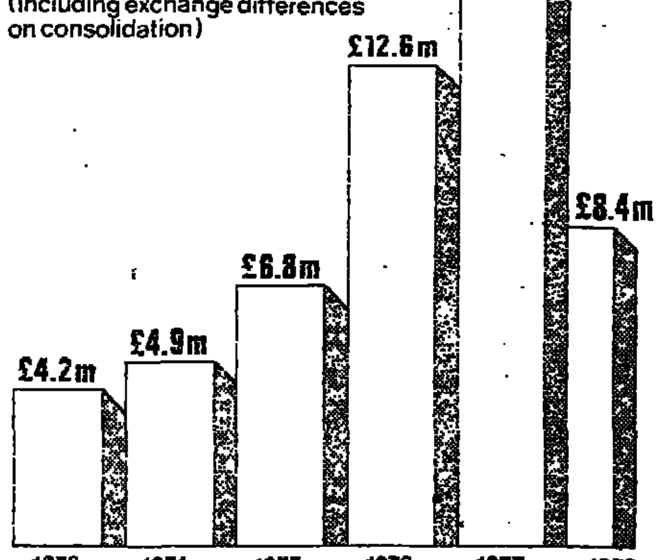
The total income of the Group in 1977 rose to £33.3m, comprising £26.9m from brokerage, £1.1m from underwriting agencies, £3.1m investment income, £1.8m from associated companies and £0.4m from insurance companies. This was utilised as follows—£11m for salaries and related expenses, £6.6m for taxation, £2m on dividends and minorities, £7.6m on other expenses and £6.1m retained.

In the first half of 1978 the profits before tax had increased by 16% to £8.4m with brokerage income rising to £15.7m compared with £12.6m. A feature of these results was the 25% increase in brokerage income, bearing in mind the adverse currency conditions. Also notable was the good performance by the Underwriting Agencies, which increased their income from £0.7m to £1.3m.

The Chairman, John Wallrock, in his statement accompanying the half year's results said "In spite of the fact that exchange rates have not stabilised and assuming no further unforeseen circumstances arise, the Board are confident that your Group should achieve a satisfactory growth rate for the year."

GROUP PRE-TAX PROFIT

(including exchange differences on consolidation)



The Move to the East

"The Move to the East" is the *phrase that has been given by* the Property World to the current expansion of City firms eastwards into the Borough of Tower Hamlets.

It is a move which this year is accelerating faster than ever and which, for the first time, is producing visible evidence of reality in the shape of new office blocks rising rapidly and impressively in the area around Leman Street and the Minories.

Minets, advised by their *Development Consultants in the* property field, Dron & Wright, have played a major part in initiating the move to Tower Hamlets. Commenting on this eastward trend one of the senior partners of Dron & Wright, Mr. Derek Haycroft, said, "Demand for additional office space in the City continues to increase, due to the growing importance of London as a financial centre and to the ever expanding role of Britain's invisible exports such as Insurance and Banking.

"But the City *no longer has* space to accommodate these growing firms at economical prices. Thus the companies are looking elsewhere. They cannot *easily move westwards, to the* West End, for there is little accommodation there and communications with the heart of the City, such as Lloyd's and the Stock Exchange, are too slow.

"The same applies to the North. Southwards the river provides a physical barrier, so only the East is left.

"Here, around the traditional dockland warehouse areas near St. Katherine's and London Docks, the area is ideally suited for firms anxious to expand. Some, like Minets, have already been here in Prescot *Street since 1970.*

"It was they who really started the eastwardly movement when, in the face of much scepticism from their rival brokers, they took the unprecedented risk of changing their prestigious accommodation in Plantation House, EC3 to Minet House, Prescot Street, E1.

"We, acting as their surveyors, advised them to do this and found for them the building in which they are now accommodated. When we first *suggested to Minets that they* should consider expanding eastwards rather than moving right out of London, as so many insurance broking firms were then doing, we realised that we were presenting them with an exceptionally difficult decision."

Unprecedented move

"At that time, 1968, it was unprecedented for an important City firm to move into what was still regarded as "Dockland." Fortunately, one of the directors of Minets and the person in charge of the move, Mr. Ron Mabbott, had himself been born and brought up on the Isle of Dogs. He realised that as the Docks began closing down at St. Katherine's and elsewhere, something had to take their place, otherwise complete dereliction would result.

"*He and his board*, after much consideration, took the plunge and decided to move into Prescot Street where we had found for them an old Co-operative Tea Office providing about 60,000 sq. ft. of offices to house 600 people.

"They bought the building *freehold in 1969 and by* October 1970 it had been completely refurbished and they had moved in.

"The risks to Minets were enormous. There was no guarantee that their staff would stay with them. Yet the move, to the immense credit of Minets, was a remarkable success."

Dron & Wright acted as Development Consultants for Minets from the start of this project, including the lengthy and successful appeal against GLC refusal of Planning Approval.

Community benefits

"*I am convinced*," said Mr. Haycroft, "that approval of these large schemes is an extremely good thing for the Borough and that "The Move to the East" can, if controlled properly, bring immense benefits *to the people who live* there. It can also be of the utmost importance to many firms who are doing such a good job for Britain's exports.

"I also feel there is still vast scope for developing industry in Tower Hamlets, particularly light industry. London is crying out for areas for light industry in such fields as electronics, plastics, packaging and so on. Dockland and the surrounding areas are ideally suited to this and the so-called experts who say that industry doesn't want to come to the East End of London are completely wrong.

"The labour force is suited to the work and the river is still an important communications system. The only main problem is the present road system which is undoubtedly poor, particularly for communications to places like London Airport and Gatwick, which are so vital for air freight. London Airport is now the third largest port in Britain in tonnage handled after Southampton and Tilbury. Hopeful moves are now being made by the GLC to deal with this road problem and their latest road programme for Dockland would open up the area for ready and quick access.

"There is no doubt that the fastest way to bring capital investment into the Borough and to provide more jobs is to facilitate "The Move to the East" and to enable more firms to convert existing buildings and build new ones."

Offices also bring in their wake other small industries and businesses which are already beginning to appear in the West end of Tower Hamlets.

The revenue the offices pay to the Borough in rates is, of course, very great. This helps to pay for the housing, social and other services and can only be *increasingly beneficial*. However, this can only occur if there is an enlightened planning policy to encourage mixed user development with particular emphasis on the integration of manufacturing industry into the community.

"In addition to the commercial users," said Mr. Haycroft, "there are, however, strong reasons for Tower Hamlets looking carefully at the possibilities of attracting *special types of tourism such* as the highly profitable conference business. London desperately needs a major conference centre of 5,000 seats or more and the Borough would be a perfect site for this as there *is ample space for it and for* the related buildings, such as hotels and restaurants. The proximity to the City makes the location even more ideal.

"The conference centre could also incorporate exhibition space of up to perhaps 100,000 sq. ft. suitable for small to medium exhibitions and not rivalling in any way the huge NEC at Birmingham."

Mr. Haycroft concluded, "The next five years will be *crucial. If the way can be found* to accommodate "The Move to the East" and to combine this with the desire of local people to improve their own accommodation and amenities, then I believe the prospects are bright."

The vital importance of encouraging Industry and Commerce into the Borough of Tower Hamlets is emphasised in this special message to Minets from the Mayor, Councillor Arthur S. Dorrell:

" My Council is deeply concerned about the high unemployment in Tower Hamlets and has, for some time, been considering various means of attracting further industry and commerce into the area. Any new ventures which will help ease this problem will receive fullest support and because of this I am particularly delighted to welcome the important and significant expansion of Minets in the Borough.

J. H. Minet and Company are already one of the larger employers in Tower Hamlets and their fine new building will create even more jobs. The company have undoubtedly been successful in the area, having gained The Queen's Award to Industry and the Queen's Award for Export Achievement since they moved here from the City in 1970. I warmly congratulate Minets upon their expansion and wish them every success in their further activities."

Queen's Award 'double'

In the last five years Minets have won the Queen's Award twice, the first insurance broker ever to achieve this remarkable " double ".

In 1973 the first Queen's Award for Industry ever made in the field of insurance broking services was won by Minets and this April the Group again received the Award, this time for Export Achievement.

The citation accompanying the 1973 Award stated that Minets had " achieved a substantial increase in the premiums brought from overseas for placing within the UK insurance markets, despite fierce competition from foreign companies to retain or capture the business."

Five years later the accompanying citation reflected the remarkable expansion of the Group's activities since the earlier Award.

" The Group, a Lloyd's and international Broking House, provides a wide range of insurance broking services as well as some management and consultancy services. It is active in Africa, Australasia, North and South America, Europe and the Middle and Far East. *Over a three year period*, (74, 75, 76) its overseas earnings have more than doubled."

These two Awards are greatly prized by all in the Minet Group and the Queen's Award insignia is used widely and proudly in *the Company's marketing* and pubic relations programme.

Document Delivery— a unique system

A document delivery system enabling the automatic despatch of documentation and mail to pre-selected locations on different storeys of the building is an unique feature of Minet House.

This installation is unique in that it embraces the wallet system with a combined horizontal and vertical system for conveying documents between any number of floors in a building or group of buildings. *Documents handled may include* punch cards, tapes, microfilm and computer records.

The system in the new Minet House features two elevators serving all the floors including the lower ground which houses the company's central filing and archives. A third elevator may be installed in the original Minet House and connected with the new conveyor system.

At the lowest level the elevators are linked with narrow belt conveyors travelling overhead, the wallets being transferred between the elevators and the conveyors automatically. Documents are despatched, on request, from Central Filing to the various departments located on the floors above, the destination having been preselected by the simple adjustment of code slider indicators on the sides of the wallets themselves.

The wallets travel at a maximum rate of six per minute, passing along the conveyors in an upright position, resting on their longer edge. They form a queue at the entrance to the continuously moving elevator into which they are fed, each wallet being accepted by the next vacant tray passing in an upward direction. It then ascends to the top of the elevator, and is discharged on the downward side at the required floor, where it awaits manual collection.

An emergency stop button is located on each floor and a master control panel provides a guide to the location of any fault which might occur. At closedown, a " do-not-load " signal appears and warns users that no fresh wallets should be fed into the system. All wallets still circulating are then discharged at the basement level—including any wallets accidentally given an infeasible code during the course of the day, for a non-existent floor, for *example*.

The system meets three distinct needs, the delivery of incoming mail to discharge points, the collection of outgoing mail for despatch, and the movement of documentation around the different parts of the building.

Building on firm foundations

Prior to the construction of the new Minet House a thorough study of the various design and construction aspects was carried out by the Consulting Engineers, Pell Frischmann & Partners. The choice of materials, whether steel or concrete frames, and the type of foundations were carefully *studied Site investigations to* determine by borings and through " in-situ " and laboratory testings of the type of ground and how it would behave under the proposed loading were undertaken.

The site investigation had shown that up to 19 feet of gravel were overlying a considerable thickness of London clay. Although foundations could have been placed on the gravel with 3.5 ton/sq. ft. loading intensity, it was estimated that total and differential settlements, due to the slow compression of the clay, would have been unacceptably high.

Since pile loads varied from 740 tons to 95 tons it was decided to use piled foundations. The piles chosen were bored, cast-in-place concrete piles with enlarged toes. The reason being that mostly one or two piles can support one *column, thus making pile caps* unnecessary or very small. By having an enlarged base, the load is transferred to the lower parts of the London Clay, which are less compressible than the upper strata. Settlements became, therefore, insignificantly small. All piles were 80 ft. long, the largest one having a shaft of 4 ft. diameter with a 10 ft. wide bell.

The general construction consists of rib floors spanning 24½ ft on to a central spine beam which, in turn, spans between the columns carrying the loads to the piled foundations. Horizontal stability against wind is provided by the reinforced concrete lift shafts and stair wall adjacent to the Police Station in Leman Street.

All the columns at ground level which face the public highway *have been designed to* sustain impact from heavy vehicles.

One interesting feature of the design and construction are the brick arch facades which utilise the brick cladding as permanent formwork to the concrete arch.

The total weight of reinforcement used in the building, including foundations, was 1,000 tons and the total volume *of concrete used was* 9,000 cubic metres.

Message from the Chairman of The British Insurance Brokers' Association *Mr. Francis Perkins.*

On behalf of the British Insurance Brokers' Association I am delighted to have the chance of congratulating J. H. Minet & Co. on their move to their new headquarters.

Minets were the first insurance broking firm to receive The Queen's Award for Export Achievement and the new building is indicative of their determination to expand their already successful business. Insurance earns a major proportion of the invisible earnings of the City of London and Minets have every reason to be proud of their contribution.

I am also happy to take this opportunity to acknowledge the important part which Minets along with many other insur*ance brokers played in helping* to create the British Insurance Brokers' Association and the Insurance Brokers Registration Council. These major steps have moved insurance broking on to a professional basis for the first time and will ensure service and security to the consumer with the backing of a national trade association.

60-year experience backed builders of Minet House

Minets have been insurance brokers to the Willment Group since 1970, but with the award to Willment's Building and Civil Engineering Division in 1976 of the building contract for Minet's new headquarters, this relationship changed slightly. Each became a client of the other.

Before the construction of the new Minet House could take place an existing warehouse had to be cleared by Willments. The principal element of the demolition and clearance centred on the removal of this substantial six storey structure, bounded at both ends by modern buildings. It called for careful cutting away of the abutting walls and removal of thousands of tons of steel, brick and concrete debris.

Included in the contract was the installation of air conditioning, passenger and goods lifts, plus a mechanical document handling system in addition to the *usual service installations*. In the case of failure of the electricity mains supply, a stand-by generator, which automatically takes over, can supply power to the building.

The building has an impressive facade of brick cladding. Over half a million, 50 mm deep, shadow-textured facing bricks were required to complete it. Approximately 30% of these bricks were specially made by hand.

The Willment Group has grown steadily since it was founded in 1919 and its work now covers an extensive range. Recent contracts involve commercial projects such as factories, warehouses, offices, supermarkets and government building, including telephone exchanges and military installations.

A tribute to British skills

Visitors to Minet House will be impressed by the excellent craftsmanship of the carpentry work and the high quality of the panelling undertaken by Ashby & Horner. This firm has a long history of joinery going back to 1740 when, as master joiners, they supplied joinery to churches, livery companies and Inns of Court. The work in Minet House is a tribute to British expertise in this craft.

Over many years the carpenters of Ashby & Horner have built a reputation for hardwood joinery for banks and insurance companies in the City of London. Today they are one of the few remaining joinery companies that can produce purpose-made joinery to the exacting standards of the past.

At Minet House they supplied and fixed full, room-height, hardwood panelling in teak and Australian walnut for thirty-five rooms. Considerable trouble was taken to obtain the Australian walnut in long lengths for the full height mullions as this type of timber is particularly scarce in the lengths required.

An interesting feature was that to facilitate access to the various rooms, the panelling was designed by the architect in conjunction with Ashby & Horner so that it could be delivered loose to the site and assembled when fixing.

All the panelling was finished in the traditional manner of hand French Polishing. The result is an interesting combination of traditional methods and modern design. The up-to-date " flush " appearance has been achieved with the conventional method of framed-up panels, which has been used since Tudor times.

Stelrad may aid Kirkby venture

By John Elliott, Industrial Editor

THE GOVERNMENT is seeking [illegible] Engineering [illegible] has the technical, marketing and financial strength to turn the loss-making Kirkby Manufacturing and Engineering workers' cooperative on Merseyside into a profitable radiator manufacturer.

One idea is that Stelrad, a subsidiary of Metal Box, might provide [illegible] help to develop radiator production and be prepared to have some future form of involvement in the business if necessary.

This emerged from last week's meeting of the Department of Industry's independent Industrial Development Advisory Board, which gave qualified approval to the scheme for Merseyside to receive £4m State aid to help to fund the takeover.

[illegible] is believed to have [illegible] Stelrad's [illegible] involvement [illegible] with the Government.

[illegible] could be open to [illegible] marketing and [illegible] Stelrad, a prominent radiator manufacturer under a scheme run by the industry's trade association.

Stelrad's name first became [illegible] the Conservatives' [illegible] in August after it told the Department of Industry that [illegible] during the [illegible] Merseyside factory [illegible] cooperative [illegible] not [illegible].

[illegible] the Industrial [illegible] Advisory Board [illegible].

[illegible] before the [illegible] Stelrad's [illegible] financial [illegible].

[illegible] Board.

[illegible] favoured by Mr. Bob Cryer, who resigned from his junior ministerial post at the Industry Department over the [illegible] on Monday night.

Conoco cuts UK licensing bids in oil protest

BY KEVIN DONE, ENERGY CORRESPONDENT

A THIRD large oil company, Conoco, has shown its dissatisfaction with the Government's tougher policy toward offshore oil [illegible] by largely refusing [illegible] blocks in the latest licensing round.

[illegible] has been awarded licences as operator in all the previous rounds. But it disclosed yesterday that it had limited its response in the sixth round to [illegible] a small number of blocks [illegible] north-west of the [illegible] as a member of [illegible] companies led by [illegible].

[illegible] the operator for the [illegible] development of the Murchison Field in the northern North Sea. It has been involved in UK offshore exploration [illegible] since the first round of licensing in 1964 and [illegible] for the Viking gas field in the southern North Sea.

[illegible] yesterday that the decision [illegible] for blocks [illegible] was taken for three [illegible]:

- [illegible] of the potential [illegible] on offer.
- The [illegible] exploration [illegible] in other countries.
- The [illegible] conditions in the UK [illegible] proposed [illegible] of Petroleum Revenue Tax.

The [illegible] keener interest in the present [illegible] round of licensing in [illegible].

[illegible] response to the [illegible] round mirrors the [illegible] Esso and Shell, the world's [illegible] largest oil companies.

Esso had decided to make no [illegible] in the sixth round, and Shell has bid only on a limited [illegible] for blocks to the north-west of the Shetlands.

Chevron, operator for the North Sea Ninian Field, said yesterday that it was bidding only for blocks in the south-western approaches.

The Government repeated its belief that the overall response to the sixth round showed that its latest initiatives—changes in licensing terms and proposed raising of petrol tax—had not made the UK Continental Shelf a less attractive place for oil companies.

But the impression is growing that the high level of sixth round applications is due to increased interest from the smaller oil companies, rather than to continued commitment from the big ones.

Dr. John Cunningham, Parliamentary Under-Secretary for Energy, said the Government recognised that production from existing fields would decline in the later 1980s, and that maintenance of UK oil output would depend on discovery and development of further fields.

He told the Institute of Petroleum that great importance was attached to continuing and thorough exploration of the UK Continental Shelf. The Government would be "flexible over tax issues which might encourage the development of marginally economic fields."

On wasteful flaring of associated gas offshore, Dr. Cunningham said that the Government intended that gas collection systems should be extended wherever possible to cover existing developers flaring gas.

"Maximum economic hydrocarbon recovery and delivery should be a keystone of new offshore developments."

Rizla can put up paper price

By David Churchill, Consumer Affairs Correspondent

MR. ROY HATTERSLEY, the Prices Secretary, gave Rizla the go-ahead yesterday to put up the prices of its cigarette papers from January, in spite of a Price Commission report published yesterday recommending a price freeze until February.

Rizla agreed to hold any more increases for the rest of 1979, as well as freezing its prices for filter tips until January 1980, a gap of two years since the previous filter-tip increase.

The Price Commission report covered Rizla and the General Paper and Box Manufacturing Company, which are jointly managed, and together have almost a total monopoly of supply of cigarette papers in the UK.

The two companies are subsidiaries of Chilham, a British company, in turn owned by Forinex SA, incorporated in Switzerland, which has recently come under the control of Lacroix Fils of Belgium.

Exports of cigarette papers are handled by Rizla International, incorporated in Jersey.

Rizla sought last July to increase the price of a 50-leaf cigarette-paper booklet by 12 per cent, or ½p. The Commission's investigation blocked this rise, and the company was refused its application to put the price up as an interim measure.

Omissions

The Commission's report, which contains a number of omissions in the published version at the request of the two companies, says that profit margins for 1979 for General Paper and Rizla will be about 18 per cent.

This compares with net margins of between 22 and 37 per cent earned in the years 1973 to 1977.

Return on capital employed, on a historic basis, has fallen from 49 per cent in 1973 to 24 per cent in 1977, with 23 per cent forecast for 1979. On a current cost-accounting basis, the 1979 forecast figure is 9 per cent.

The Commission says: "We consider that the above returns on capital may not fully reflect the profitability of the home trade."

The report concludes that the further delay in price rises "is a necessary protection to the customer in a situation where competition cannot be promoted in the immediate future."

The Commission's recommendation that the prices of both cigarette papers and filter tips should be delayed effectively for 13 months since their last rise was amended by Mr. Hattersley after talks with the two companies.

The company said that it was committed to a £1m high risk investment in cigarette tubes due to be completed next year and which has significant implications for its cash flow.

But the Commission replied that its recommended delay in increasing prices would still allow a reasonable contribution from trading profits to be made to this investment.

A tour of the new building yesterday for (left to right) Sir Huw Wheldon, chairman of the LSE Court of Governors, Professor Ralf Dahrendorf, the school's director, Mr. Derek Clarke, librarian, and Lord Robbins, chairman of the library committee.

New £6m library boosts LSE's space

BY DAVID FREUD

THE LONDON School of Economics and Political Science has completed its biggest expansion programme since it was founded in 1895.

Its library, the British Library of Political and Economic Science, has moved into new premises which increase the school's cramped accommodation by about 50 per cent.

The building, renamed the Lionel Robbins Building after Lord Robbins, chairman of the library appeal, adjoins the main LSE site off the Strand.

It was formerly the London head office and warehouse of W. H. Smith and Son, the booksellers and stationers.

The library at present contains about 3m items in some 940,000 bound volumes, all of them on open shelves. Previously, more than 80 per cent of the library's contents were accessible only by request to staff.

This makes it one of the largest social science libraries in the world. The only comparable institutions are the Fundamental Library of the Social Sciences in the Soviet Union, and the Institute of World Economics at Kiel in West Germany.

The LSE opened negotiations with W. H. Smith in 1968, and bought the building in 1973 for £1.95m. The site cost a further £1.5m, and conversion work £2.4m. Professional fees and equipment and moving costs were an additional £910,000.

The University Grants Committee paid £3.6m of the total £6m. The appeal raised a further £1.8m, and the balance of £570,000 was made up mainly by leasing back the building to W. H. Smith for a period, and by support from the University of London.

Sir Huw Wheldon, chairman of the school's Court of Governors, said yesterday that the presence of a building designed to store books next door was "manna from heaven."

Professor Ralf Dahrendorf, LSE director, said the new library represented a joint public and private venture which might become a model of the ways in which progress was possible when public finance was difficult.

Safety drive at atomic plant

By Michael Donne, Defence Correspondent

IMMEDIATE STEPS are being taken to improve health protection and safety standards in buildings at the atomic weapons research establishment at Aldermaston where plutonium is handled.

A danger of inhaling plutonium has been found to exist although the overall standard of health protection and safety for workers at the establishment is claimed to be good.

Additional health and safety staff are to be appointed and it is hoped that work will soon be resumed in those areas at Aldermaston where it was suspended when the plutonium danger emerged in August.

These are the main developments resulting from the publication yesterday of the report by Sir Edward Pochin into radiological safety at Aldermaston, where the nuclear warheads for Britain's defence programme are made.

Sir Edward was asked by the Ministry of Defence in August to investigate the health protection arrangements, following the discovery that "a considerable number" of staff had plutonium contamination in their chests.

His main conclusion is that the standard of health protection at the establishment is good, and that releases of radioactivity from the individual buildings and from the establishment as a whole are "well below the agreed level" as recommended by the International Commission on Radiological Protection.

Borderline

But he found evidence that levels of plutonium contamination in some working spaces in certain buildings exceeded the recommended limits, and that "the present standard of protection at the establishment must be regarded as borderline in respect of inhaled plutonium."

He also points out that the extent of plutonium contamination is much lower than first feared. Out of more than 700 people tested, it is likely that under 3 per cent apparently had plutonium on their chests when first measured, and subsequently only about one-third of these retained any plutonium contamination.

Nevertheless, the Government has accepted Sir Edward's recommendations that measures be taken immediately to improve health protection and overall safety standards.

Buildings will be modified and improved, and more health-physicists and change-room attendants will be recruited. This work programme is being discussed with the staff associations and trades unions concerned.

Mr. Fred Mulley, Secretary for Defence, announcing the measures yesterday, said that talks were in progress with the unions to ensure an early, phased resumption of work in those active areas where work was suspended.

New fall in merchant shipbuilding orders

FINANCIAL TIMES REPORTER

BRITISH SHIPBUILDERS' order book has been declined with no new contracts for merchant ships signed during the third quarter of the year.

The nationalised corporation said that it was fighting for [illegible] in a world shipping and shipbuilding recession.

Its only new work booked during the three months was a nuclear submarine contract for the Royal Navy.

The corporation's total merchant ship order book at the end of September stood at 102 ships of 1.1m tons gross, valued at £642m. That compared with the same period last year, when merchant ship orders stood at 117 ships of 1.57m tons gross, with a value of £752m.

During the first nine months of the year, British Shipbuilders completed 45 ships of 506,161 tons gross, but won orders for only 12 ships, totalling 77,440 tons gross.

That compared with completions of 37 ships, totalling 603,215 tons gross, during the first nine months of last year, when 36 new ship orders, of 372,322 tons gross, were received.

Lloyd's strikes marine broker off list

BY JOHN MOORE

AN INSURANCE broker has been struck off the approved list of brokers by the 16-strong ruling committee of Lloyd's of London. Crow Dalton Lambert has been suspended from placing business with Lloyd's since September.

Crow Dalton Lambert, a small marine broker, failed to meet the stringent solvency requirement of the committee. A notice has been displayed in the underwriting room a Lloyd's which informs members that the company has been removed from the list of Lloyd's brokers and that "all privileges enjoyed by the company at Lloyd's, including the permission to show a brokerage account in the Room be withdrawn."

So that the group can service existing Lloyd's policies the committee has agreed as a temporary measure "to allow authorised employees access to the Room for that purpose."

Crow Dalton Lambert is the third Lloyd's broker to be removed from the approved list of brokers this year.

Stock Exchange drops annual membership

By Christine Moir

MEMBERS of the Stock Exchange will no longer have to apply annually for re-election.

At a special meeting of the membership yesterday a show of hands showed 136 members in favour of a change to continuous membership, and only 17 against. Proxy votes were even more heavily in favour of the change.

The new system will eliminate the annual March form filling for members renewing their applications. It will also close a loophole whereby members could escape disciplinary measures by allowing their membership to lapse.

Redundancy Fund is financing public borrowing, claims CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT was accused last night of using money totalling £64m contained in the State-administered Redundancy Fund to finance public sector borrowing.

The accusation was made by the Confederation of British Industry, which wants the Department of Employment to raise the percentage of redundancy payouts that employers can claim from the fund from 41 per cent to 50 per cent.

So far, however, Mr. Albert Booth, Employment Secretary, who has had correspondence about the subject with Sir John Methven, director general of the Confederation of British Industry, has resisted the proposal.

He has written to Sir John pointing out that the percentage figure was reduced from 50 per cent to 41 per cent in August last year, under powers contained in the Redundancy Rebates Act 1977, as part of the Government's cutting of public expenditure. He added that the matter was now under review.

The fund exists to spread the load of employers' redundancy costs across industry. All employers contribute to the fund through National Insurance payments and then can claim money back when they make employees redundant.

Sir John has told Mr. Booth that the lower level of rebate is having a damaging effect on employment, especially among small companies which may be discouraged from taking on extra labour.

He has also expressed concern that the Government "seems now to regard the Redundancy Fund not as employers' money, but as a way of financing public sector borrowing, for which it was never intended."

Ambassador gives rich nations 'share your wealth' warning

FINANCIAL TIMES REPORTER

UNLESS rich countries are prepared to share their wealth and industrial knowledge with the poor nations there could be confrontation between the two, a London conference was told yesterday.

The warning came from Mr. Lakhdar Brahimi, the Algerian Ambassador in London. He told the Royal Commonwealth Society's Focus group conference, on the North-South Dialogue, the new international economic order had failed already and had left chaos, which would lead to confrontation.

Mr. Paul Leong, the Malaysian minister of primary industries, called on the UK to play a leading role in the economic affairs of the Third World. He said that the UK had a significant part to play in rejuvenating the defunct North-South Dialogue. The dialogue describes negotiations between the developing and industrial countries over commodity price stabilisation, debt, international monetary institutions, aid and transfer of resources.

Mr. Tetsuya Endo, a member of the Japanese Foreign Ministry, said his Government would double its development assistance in the next three years. He said that contrary to popular belief, the large and continually increasing Japanese trade surplus was a source of anxiety to the Japanese economy with bankruptcies reaching 1,500 a year. The cause he said was the rapid rise in the value of the yen.

GLC rejects Commission lottery attack

By Paul Taylor

THE GREATER London Council yesterday defended the role of local council lotteries, rejected the criticisms of the Royal Commission on Gambling and called for more freedom instead of more restraint.

A report, accepted by the council's policy and resources committee yesterday, said the Royal Commission had over-reacted to the problems of lack of control and commercial exploitation, and described the Commission's comments on local authority lotteries as unsubstantiated criticism.

Mr Richard Brew, deputy council leader and spokesman for the 20 local authorities in the GLC's lotteries club, said that the authorities faced by council lotteries in London supported the view that they were too restricted and prizes were too small.

Mr Brew rejected the proposal for a national lottery. Councils were better able to identify and satisfy the needs of good causes than a National Lotteries Board.

He also rejected the Commission's criticisms of the security and controls on local authority lotteries, and said the suggested ban on the employment of external lottery managers would be an infringement of council's powers to use outside expertise.

Brunel station up for rent

BRITISH RAIL is looking for a new user for Isambard Kingdom Brunel's original railway station in Bristol.

The Temple Gate offices and train shed in Temple Way—now in need of considerable renovation—formed the original Brunel Great Western Railway station and are being offered on a long lease.

The Department of the Environment's Historic Buildings Bureau is assisting British Rail find a user for the building, built between 1839-40. It was the terminus of the old London to Bristol railway and is listed Grade I because it is of exceptional historical and architectural interest. It is regarded as the finest and most unaltered of the early type of terminus remaining in Britain.

Fronting Temple Gate is a symmetrical Bath stone ashlar facade in the Tudor revival manner. This was the office block for the railway and the main entrance and ticket office. It has four storeys with angle turrets and central oriel.

Christmas carol stamps on sale

CAROL SINGERS through the ages are the subject of this year's special Christmas stamps, which go on sale at all post offices from today.

A Victorian Christmas scene is depicted on the 7p stamp, 19th century musicians on the 9p and carol singers of 200 years ago on the 11p.

The 13p design, inspired by "The Boar's Head Carol," one of the earliest but still sung at Queen's College, Oxford, shows a boar's head being carried on a platter to the accompaniment of musicians in late 16th century costume.

Second Sassoon auction makes total nearly £2m

SOTHEBY'S WAS active yesterday in London and Zurich. In Zurich a further 33 Hebrew and Samaritan manuscripts from the unrivalled collection of the late David Solomon Sassoon were sold for £932,362, making a total of almost £2m for the two Sassoon auctions.

Demand was well up to expectation, with a top price of £204,082 paid by Mannheimer, a Zurich dealer, on behalf of the National Museum of Jerusalem, for the De Castro Pentateuch, a Hebrew Bible, written in Germany in 1344.

Other high prices were the £160,350 for an Oriental Bible produced in Iraq or Syria in the 10th century; £151,603 for the "Rasba" Bible, an illuminated Spanish manuscript of 1383; £64,140 for the Merwas Bible, written in Toledo in 1307; and the £61,224 for the Machzor Rome, produced in Pisa in 1397. A large collection of Jewish marriage contracts, stretching from 1600 to the 20th century, was acquired by a Tel Aviv dealer for £32,070.

Later in Zurich fine jewels made £1,508,455 with a modest 8.9 per cent bought in. The best price was the £201,166 for a diamond ring with a stone weighing 15.82 carats. An unmounted yellow diamond fetched £81,633 and a diamond ring with an emerald cut diamond £69,971.

Back in London, an auction of Italian maiolica totalled £168,650 for 59 items. All the top lots went to private collectors.

An Urbino "Istoriato" dish painted by Nicola Pellipario about 1530 and showing the rape of Prosperine by Pluto sold for £25,000, and a Gubbio lustred tondino, painted by Maestro Andreoli in 1524, made £15,500. The same sum secured a Faenza "Istoriato" dish of 1520, slightly restored. A similar dish sold for £10,500.

Continental porcelain totalled £135,025. A Meissen dinner service of the mid 18th century with 89 pieces made £11,500 and a rare Meissen "anthropomorphic" tea service of 19 items fetched £6,600. A Meissen crinoline group of a cavalier and a lady modelled by Kaendler sold for £6,500.

The second day of the auction of musical manuscripts brought in £98,195 with Haas, the London dealer, buying an autograph manuscript by Bach of "Alessandro nell'Indie" for £30,000. He also paid £6,500 for a letter from Beethoven to his nephew.

Christie's sold a very fine kneeling Egyptian king, a bronze statue of about 1060 BC for £50,000 in an antiquities sale that totalled £281,116.

Also at Christie's, English drawings and watercolours totalled £141,820. Works by Turner were much in demand, a vignette of Cologne selling for £9,500, double its estimate. It had sold twice before at Christie's, making 125 guineas in 1887 and 140 guineas in 1946.

Another Turner watercolour, of Crichton Castle, fetched £7,500. Peter de Wint's "Cornfield near Tring" made £5,500 and a view of the Mansion House by Frederick Nash was bought by Agnew for £4,800.

Phillips held its most successful sale of furniture with a total of £227,430 and a top price of £10,00 for a pair of Ispahan rugs. A Regency rosewood library table was bought by Keyser for £8,200, and a pair of George II giltwood rococo-style wall mirrors, designed by John Linnell, went for £4,400.

Stanley Gibbons's one-day sale of paper money totalled £41,446. The highest price was the £5,250 against an estimate of £4,800 for an extremely rare £1,000 Bank of England note dated October 15, 1935. That is the highest denomination the Bank of England issued to the general public.

SALEROOM

BY ANTONY THORNCROFT

European investors turn sights on UK

Financial Times Reporter

A NEW venture capital concern, backed by a group of European investors, has been turning its sights on UK companies.

CP Capital Partners International has taken majority stakes in three small companies, taking its spending in the UK to above £200,000.

The holdings are in Citenco, an electric motor manufacturer, Glasoy Pharmaceuticals, an industrial hygiene company, and Cascade, a swimming pools and leisure concern.

Dr Christoph von Luttitz, chairman of Capital Partners, said the investment company—acting on behalf of a group of Continental private investors—had about £1.5m to spend on small company investment. He said the concern was looking for companies with good overseas prospects.

The group had already put together two deals in Brazil and the U.S., and was looking for UK investment opportunities. It would consider taking minority stakes.

Back to Lloyd George principles

News Analysis—by David Freud

THE PROPOSED CHANGE from vehicle licensing duty to additional petrol tax is a radical reform in only one sense.

It brings the underlying principle of taxing road-users back to the original concept devised by that arch-radical Lloyd George himself.

Those who use up more resources will have to pay the most tax. And this was exactly the principle behind the Chancellor's introduction of the licence in 1909.

Only Lloyd George was rather tougher in his scale than our present rulers. Whereas the Government estimates that a Rover 3500 doing 30,000 urban miles cost its owner an extra £284 tax a year, the Welsh Wizard attacked owners of big cars far more aggressively.

The bottom rate of road fund licence in 1909, effective from the beginning of 1910, was two guineas, worth about £38 in today's money. The top rate was £42, however, the equivalent of more than £770 today.

The sliding-scale principle was retained until 1948, when it was replaced by a flat rate of £10 for all private cars.

The argument for abolishing it altogether and penalising the heavier users of the roads through a higher petrol tax echoes Lloyd George's 1909 Budget speech in a remarkable way.

The Department of Transport document released yesterday stated: "VED has been criticised for its unfairness. It entails a large lump sum which is burdensome for the weekly wage-earner, especially the least well-off, and which has to be paid however little a car is used."

It went on that increasing petrol tax would make the motorist more aware "of the real cost of using his car for a journey, because the amount he pays in taxes will be more directly related to the public and social costs which motoring imposes on the community."

In 1909 Lloyd George stated: "It will be obvious that were I to confine taxation to a mere readjustment of licence duties the burden would be imposed with absolutely no relation to the extent that the car might use the roads."

So in addition to a scale of licence fees that penalised the owner of powerful cars which exerted more wear and tear on the roads, he introduced a petrol tax at 3d in the gallon.

The original scale was related to the pulling power of the motor car's main competitor, the horse-drawn carriage.

A satisfyingly complex formula was developed by the Royal Automobile Association to measure horsepower. One horsepower was the equivalent of the engine bore in centimetres squared, times the number of cylinders divided by 16.13.

With 53,196 cars on the road in 1910 the yield was a mere £410,000 in the first full year, but Lloyd George used the money, together with the £375,000 derived from petrol tax, for road improvement exclusively.

For this reason the annual tariff was called the road fund licence.

The scale remained unchanged until 1920, when it moved up to £1 a horsepower, nearly £9 in today's money. The deflation of the 1930s meant the price went up heavily in real terms, so in 1935 the rate was reduced to 15 shillings a horsepower, still about £9 in present-day money.

The use of the road fund licence money exclusively on roads ended in the mid-20s, when Winston Churchill, as Chancellor, raided the coffers.

In 1937 Neville Chamberlain finished the fund off, making the revenue payable directly into the Exchequer.

At this point the licence was renamed vehicle excise duty, and by the end of the decade was bringing in £35.6m a year, or £340m in 1978 sterling.

In 1940, with nearly 1.5m cars on the road, the duty was raised to a guinea a horsepower. Then in 1947 the horsepower was abandoned, and cars were taxed by the capacity of their engines, at £1 per 100 cc, nearly £7 per 100 cc in today's money.

The £10 flat rate introduced in 1948 was the equivalent in present-day sterling of nearly £65. The flat rate went up steadily, more or less in line with inflation.

In 1953, with 2.8m cars on the road, it rose to £12.50, worth £61 in today's terms.

With 6m cars on the road in 1961, the rate moved up to £15, worth £59 in 1978. In 1965, with 9m cars, to £17.50, or £60. In 1968, to £25, equivalent to £76, followed by a further rise of £40 in 1975, worth a little more than £60.

The last, and it seems final, increase was last year, when duty rose to £50. At that level the Exchequer gained £840m from the 16m or so cars on the road.

To make that kind of money out of petrol sales extra tax of more than 19p a gallon must be charged.

MILES PER GALLON

Miles a year	15	20	25	30	35
6,000	− 30	− 10	2	− 10	+ 16
8,000	− 57	− 30	− 14	3	− 4
10,000	− 83	50	− 30	− 17	− 7
15,000	− 150	− 100	− 70	− 50	− 35
20,000	− 215	− 150	− 110	− 83	− 64
25,000	− 283	− 200	− 150	− 115	− 93

Estimate of pounds a year lost or gained by a motorist after scrapping of vehicle excise duty, assuming a consequent 20p a gallon rise in the price of petrol.

هكذا من الأصل

Frankfurt and Paris take a day.

Hamburg, Copenhagen, a couple of days. Rome, Madrid, take a little longer: around four days.

These are typical journey times from Milton Keynes. By truck.

For companies shipping to Europe, they make the place very attractive indeed.

You see, a truck leaving Milton Keynes on, say, Monday afternoon can be in Rotterdam on Tuesday morning.

The driver takes a rest during the night's crossing.

So when the truck rolls off the ship onto the European motorway network, he's ready for a full day's driving.

Our major link with the rest of the world is the M1. (As we're right alongside it, Southampton, Dover, Liverpool, Hull, Bristol, Felixstowe and the like are all under 4 hours drive away).

Naturally, the benefits are just as noticeable for air freight as for sea freight. (Small packages, for example, can be in New York in 24 hours).

And just as noticeable when it comes to supplying the home market as supplying export markets.

83% of the population of England and Wales is within a day's round journey for a truck.

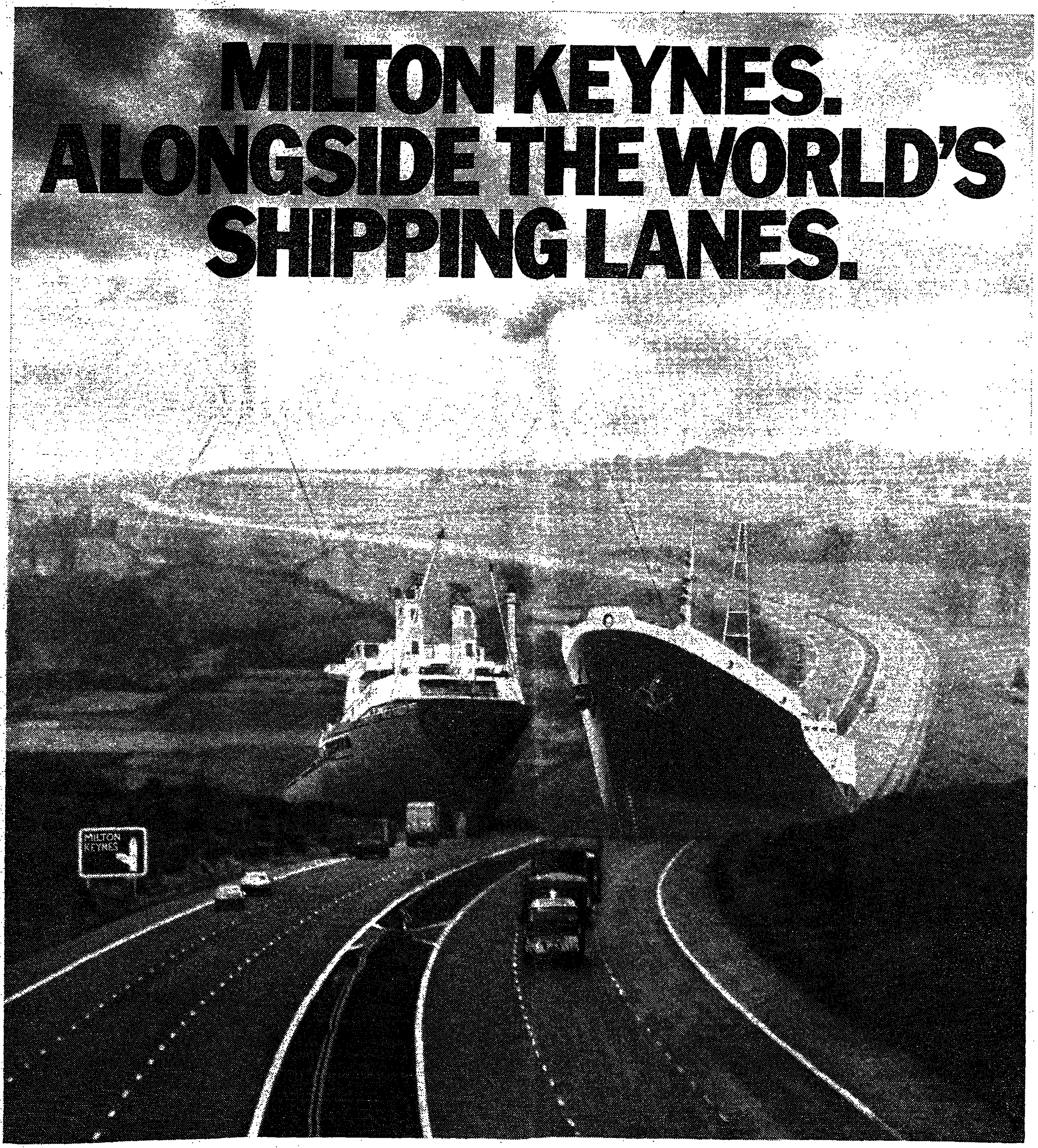
Finally, it's worth pointing out that there are also plenty of attractions within Milton Keynes.

Like a superb range of ready-made commercial premises.

And a unique combination of old and new, towns and villages, highways and byways, factories and countryside.

All in all, Milton Keynes is a very good place to live, for both industry and the individual.

MILTON KEYNES



FOR FURTHER INFORMATION CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL: MILTON KEYNES (0908) 74000.

PARLIAMENT AND POLITICS

Ford will be first to know of any sanctions—Premier

BY IVOR OWEN

FORD'S WILL be informed in advance of any public announcement of the Government's decision to impose sanctions against them for breaching the 5 per cent pay guideline, Mr. James Callaghan, the Prime Minister, told the Commons.

Both Labour and Conservative MPs argued against the use of sanctions but the Prime Minister refused to be drawn on the Government's intentions.

He concentrated instead on underlining the "poor return" the Ford workers can expect over the next 12 months, despite the fact that their nine-week strike forced the company substantially to increase its original offer to about 17 per cent.

The Prime Minister pointed out that even with the 17 per cent increase the Ford workers would probably be no better off than if they had accepted the original 5 per cent offer and avoided the nine-week strike.

He urged all concerned in pay negotiations to reflect on this fact.

As for sanctions, Mr. Callaghan explained that if the Government decided, as it was entitled to do, to withhold its custom and not purchase particular products, the company concerned would be the first to be informed.

Mr. Eddie Loyden (Lab., Garston) maintained that the strike could have been avoided had Ford settled the claim in the early days of the negotiations.

He also claimed that Ford had stated that it would be possible to absorb the additional costs arising from the pay settlement without increasing prices.

"Would not that have been a better way of dealing with the problem?" he asked.

Mr. Callaghan replied that he had not conducted the Ford negotiations. The House of Commons was not a good place to conduct negotiations.

But it was the responsibility to point out the consequences of the decisions taken, including the [illegible] on the rate of inflation, on growth and on investment.

It was important that those engaged in negotiations on both sides of industry should take this into account.

The [illegible] pointed to the Government's success, including the recent reduction of 2 per cent in the minimum lending rate, interest rate [illegible] 11½ per cent, were stressed by Mr. Robert Mellish (Lab., Bermondsey).

Mr. Callaghan replied that but for the uncertainty over the prospects this winter, it was doubtful if the mortgage interest rate would have been increased.

MR. JAMES CALLAGHAN

"But these things interact. I think the public does understand that if we do not succeed on one part of the economy we have to take counter-vailing action in another part."

The Prime Minister again insisted that "substantial moderation" in the level of wage settlements offered the best prospects for economic growth, reducing unemployment, investment and countering inflation.

Mrs. Margaret Thatcher, the Opposition leader, called on the Prime Minister to condemn the Bakers' Food and Allied Workers' Union for threatening to use the closed shop legislation against those who stayed at work so that they would be sacked from their jobs.

The Prime Minister replied that he was not prepared to offer obiter dicta on every industrial dispute which arose.

But he doubted whether the closed shop legislation could be used in the way suggested by Mrs. Thatcher since there had to be agreement between employers and employees.

"I understand that the employers have said that they will not insist on the closed shop in this particular case."

Trade with China to expand

BY IVOR OWEN

OPENING UP opportunities for expanding Britain's commercial trade with China is just as important as concluding a deal on the sale of Harrier jump jets, the Prime Minister insisted in the Commons.

[illegible] the agreement to [illegible] the [illegible] of the [illegible] Chinese [illegible] Wang Chen, the Chinese [illegible] in agreement which had been [illegible] an agreement which would increase trade between Britain and China by $6bn-$10bn in the period to 1985.

"There are large and important commercial undertakings that we would like to secure," he said.

The Prime Minister emphasised that the sale of defence equipment was "extremely political." The Government had to carefully consider outside issues involved, including Britain's allies.

Earlier Mr. Fred Mulley, Defence Secretary, told the House that the Chinese Government had made a firm request for the supply of Harriers only "in the last few days." The necessary consultation procedures had been set in motion.

He was pressed by both Tory and Labour MPs to explain the reasons for the delay in the Government announcing a decision on the sale of the aircraft to China.

Sir Ian Gilmour, Shadow Defence Minister, asked if Mr. Mulley was seriously telling the House that he had been surprised by China's wish to buy the Harrier. If not, why had not the consultations with other Governments taken place before Wang Chen's recent visit.

Mr. Mulley replied that the Vice-Premier's visit went far wider than defence equipment. "The Government was not surprised at the Harrier request but one cannot consult allies until one has some idea of the size and nature of the request, and that came only very recently."

Orme promises new social security deal

A NEW and [illegible] disabled people, kidney patients and pensioners was promised by Mr. Stanley Orme, Social Security Minister, in the Commons.

Urging MPs to give the Social Security Bill its Second Reading, Mr. Orme said the [illegible] agreed to [illegible].

The upper age limit for receiving the mobility allowance would be raised from the present 60 for women and 65 for men to 75 at [illegible].

"At present a man disabled at 61 would receive mobility allowance but a woman would not," Mr. Orme stated.

The Bill would also set up a [illegible] appeal system for supplementary benefits.

At present, those dissatisfied with the outcome of the Supplementary Appeals Tribunal had to proceed to the High Court. The Bill brought in a further appeals body.

The measure also provides that a widower's entitlement to a retirement pension on his late wife's contribution will be subject to her having satisfied the contributions conditions.

Mr. Patrick Jenkin, shadow Social Services Secretary, referring to attendance allowances paid to kidney patients, said there were cases of people who, because of more modern treatment methods, had found they needed treatment twice a week instead of three times, as previously. But because of this change they lost the attendance allowance.

"The Government is open to some criticism for having failed to deal with this sooner," he said. He welcomed the changes in the Bill on mobility allowance.

"It never seemed remotely realistic to think we could give people an allowance before 65, then take it away at retirement.

"But why make the limit 75? If it is wrong to take the allowance away at 65, surely it is still wrong to take it away at 75? What is the magic of that age?"

There would continue to be a need for a purpose-built vehicle for the minority who would never be able to drive a car.

Mr Jenkin urged the Government to look at a concession for the disabled equivalent to the cost of the road fund licence which is to be scrapped.

Pit deaths will be fully investigated

ATTEMPTS [illegible] productivity targets that have played a part in the pit accident at Bentley Colliery early yesterday in which seven miners were killed and 17 injured, Mr. Richard Kelly (Lab., Don Valley) suggested in the Commons.

He was speaking after Mr. Alex Eadie, Energy Under-Secretary, had said that the accident would be fully investigated and the report made public.

Mr Kelley declared "In this modern age of technology, it should not be impossible to find a solution for the kind of thing that happened here where, apparently, a paddy-train got out of control, and got derailed.

"I want to stress the question that has been raised in many authoritative quarters within the coal industry about the productivity agreement that possibly could be causing accidents.

"I want to ensure the inquiry fully goes into the question of manning levels and repairs and maintenance and inspection.

"In my opinion, there was some fault at that curve where the train became derailed and this wants to be investigated."

Earlier, Mr. Eadie said the causes of the accident were still being investigated.

There were cries of "absolutely disgraceful" from the Tory benches when Mr Dennis Skinner (Lab. Bolsover) said he could not pay much heed to Tory expressions of sympathy which they never used about pay claims or better conditions.

Mr. Eadie assured him that all investigations into mining accidents in recent history had always investigated every aspect.

Mr. Anthony Wedgewood Benn, Energy Secretary, had flown to the scene, and inspectors of mining were also on the spot.

After Mr. Kelley had spoken, Mr. Eadie said the safety record in the mining industry in the past year was the best in living memory, although this was little comfort for the relatives of the dead and injured at Bentley."

The Health and Safety Commission had already directed that the accident should be fully investigated.

Lords pass £10 bonus Bill

THE BILL to give a £10 Christmas bonus to pensioners completed its passage through the Lords and now awaits the Royal Assent.

It has already passed the Commons.

For the Liberals, Lord Banks supported the Bill but he said it should be made permanent and should be index-linked.

For the Government, Lord Wells-Pestell said that war disabled who were over 65 would get the bonus. Many of those under 65 had jobs.

'Save Triang' call by MP

BY ELINOR GOODMAN

THE GOVERNMENT was accused yesterday of "political manouvring" by announcing the closure of the Triang toy factory at Merthyr Tydfil the day after the crucial vote on the Queen's Speech.

The accusation came in a letter to Mr. John Morris, Secretary of State, Wales, from Mr. Dafydd Wigley, Plaid Cymru spokesman on industry. The Welsh Nationalist votes had been partly instrumental in ensuring the Government's survival in the vote on the Queen's speech.

The Welsh Development Agency should take over Triang as a wholly-owned subsidiary, at least until some other equity holder could be found, the letter went on.

He could not accept that there was not a market for the high-reputation goods carrying a Triang/Pedigree name.

Inflation

In yesterday's Financial Times, Mrs. Sally Oppenheim, Shadow Prices Secretary, was reported by the Press Association to have said: "The total increase in inflation under this Government is 16 per cent."

What she actually said was: "The annual average increase in inflation under this Government is not 8 per cent but 16 per cent."

LABOUR NEWS

Ambulancemen seek pay deal similar to firemen's

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S 18,000 ambulancemen are demanding special treatment under the Government's pay policy this year in line with last year's awards to firemen and police.

Union leaders submitted a substantial pay claim yesterday, warning that there could be "no question" of ambulancemen being made a "poor third arm" of the public sector emergency service.

They will make clear to the Government over the next few weeks that if ambulancemen do not get special treatment, they may have to take action which could be at least as dangerous as last year's firemen's strike.

The firemen recently received a 22 per cent pay award as the first part of a two-stage special case deal tied to average pay for skilled male workers three-quarters way on the national scale.

The increase also takes account of average national earnings rises over the year.

Comparisons

The police received an increase of about 20 per cent last September, with the promise of more than 20 per cent again 12 months later as a result of the Edmund-Davies recommendations on police pay.

Ambulancemen point out that since neither police nor fire service pay problems had been resolved at the time of their 10 per cent settlement last year, this is their first opportunity to make comparisons.

They say that unless they act now they will find themselves working alongside police and firemen next year on salaries seriously out of line with their own.

The main unions representing the ambulancemen include the National Union of Public Employees, the Confederation of Health Service Employees and the Transport and General Workers' Union.

Mr. Alex Martin, national secretary of the TGWU public services group, said yesterday: "It is clear to me that our members will not accept a 5 per cent offer. We will expect the same treatment for ambulancemen as the third arm of the emergency services as for police and firemen."

It seems unlikely that any move towards taking industrial action will be made until after Christmas. The unions point to the present problems of ambulancemen in the West Midlands, though, as a sign of rising dissatisfaction over pay.

Ambulancemen have been operating sanctions in the Birmingham area over a bonus pay anomaly. All ambulance services were withdrawn in the area this week when union leaders claimed that the authorities had ordered a "lock out."

The ambulancemen's claim includes demands for a £65 a week minimum and substantial improvements in shift and overtime pay, holidays and other fringe benefits. They also want a 35-hour week.

Ambulancemen are said to earn an average £63 a week at present, compared with £98 for police and £80 for firemen, but with 30.7 per cent of their earnings arising from overtime, shift and unsocial hours benefits.

The unions estimate that after the second stage of special case deals next year, ambulancemen will be earning only £2,971 a year compared with £7,705 for a police superintendent and £5,711 for a fireman.

The executive council of NUPE yesterday unanimously endorsed the action of Mr. Alan Fisher, general secretary, in voting against the proposed TUC-Government joint statement on pay at the TUC general council last week.

Defending him against last week's attack by Mr. Tom Jackson, TUC chairman, the union said: "Alan Fisher was acting consistent with NUPE policy—and with policies adopted by delegates of the TUC and Labour Party conference."

Sir George Smith

Building union chief dies

By Our Labour Editor

SIR GEORGE SMITH, general secretary of the Union of Construction, Allied Trades and Technicians, died in hospital yesterday after a long, recurring illness.

Aged 64, he was due to retire next June, after holding the post of general secretary of UCATT and its predecessor, the Amalgamated Society of Woodworkers and Painters, since 1959.

A Scotsman, Sir George had in recent years fought tooth-and-nail against the Government's devolution plans and was almost the only senior trade unionist to do so. He believed a Scottish assembly was not really wanted by his countrymen, that its creation would exacerbate political division, and that it would give the separatists their chance.

On trade union matters he was an advocate of industrial unionism and wanted changes in TUC structure—he was on the TUC general council for nineteen years—to eliminate constant inter-union battles for membership.

He welded UCATT together in 1970, but lived in more or less perpetual strife with the building section of the Transport and General Workers' Union.

Ideology

A Left-winger, he was once a member of the Communist Party. Although he appeared never to lose his regard for some of the ideology, he was vehement in his criticism of Communist or other far-Left activities inside the building industry.

Sir George was a member of all the important TUC committees and a member of the governing council of the Advisory, Conciliation and Arbitration Service. He was chairman of the TUC in 1972, but despite his seniority, and the high regard in which he was held, was not appointed to sit on the National Economic Development Council.

Sir George leaves a widow, Doris, two sons and a daughter.

Plan to end social workers' strikes

By Our Labour Staff

NEW JOINT proposals have been drawn up by union leaders and employers aimed at settling a series of strikes by social workers since last August.

The strike over a claim for local bargaining on pay started in Newcastle-upon-Tyne and in several London boroughs. It has since spread to 10 areas of the country involving some 2,100 social workers.

A joint working party composed of local authority representatives and officers from the National and Local Government Officers Association included among its main recommendations opportunities for some recognition of local responsibilities to be taken into account in salary levels.

The recommendations will shortly be put to local employers and the union membership for consultation.

Bank staff inquiry delayed

By Nick Garnett, Labour Staff

TODAY'S meeting of bank unions and staff associations involved in the inquiry into clearing bank staff representation has been postponed due to the illness of the chairman Dr. Tom Johnston.

Dr. Johnston has proposed the formation of a new TUC-affiliated trade union with a membership of more than 200,000.

This would be the umbrella body for a new staff section representing members of the National Union of Bank Employees and the staff associations within the five English clearing banks.

The union is thought to be favourable to the broad principles of the report, but there is considerable disquiet among the staff associations.

The Barclays Group Staff Association is thought to be concerned about the autonomy the clearing bank section would have.

Lloyds staff association is worried about the reaction of the Association of Scientific, Technical and Managerial Staffs.

Newspapers hit by journalists' action

BY PHILIP BASSETT, LABOUR STAFF

SANCTIONS BY provincial journalists in support of a £20-a-week pay claim began to take effect yesterday, with all editions of the Bristol Evening Post lost and other provincial papers losing editions or cutting their number of pages.

The National Union of Journalists has written to all MPs who are members of the union — the largest single group of union MPs — calling for their support for the claim.

All editions of the Bristol Evening Post were lost yesterday because of a mandatory chapel (office branch) meeting of NUJ members and the refusal by members of the National Graphical Association to handle copy for the television and radio pages.

The Newspaper Society said yesterday that although the Evening Post was the only paper which had failed to publish because of the journalists' sanctions other provincial papers had lost editions or had been forced to reduce the size of their editions.

In the letter to all NUJ members of the Commons, Mr. Denis MacShane, president of the union, said that industrial action in the provincial Press might well develop over the next few weeks in support of the union's claim for "a reasonable level of pay."

He said: "Low pay is at the root of the terrible turnover in provincial journalism and is a significant contributory factor in the bad industrial disputes which have increased in recent years. Low pay has created an acute shortage of qualified journalists."

The basic senior rate for journalists on the lowest pay band is £60.92 per week. Mr. MacShane said that most of the 9,000 provincial journalists earned less than the average male manual wage of £88 and many took home less than £40 a week.

● Journalists at the Press Association will meet the emergency committee of the NUJ national executive today to ask for official support for a series of lightning strikes to back their demand for parity with other Fleet Street journalists. Sanctions already being employed by the journalists are disrupting the agency's news services.

The 240 journalists claim they are paid an average of £2,000 less than other Fleet Street journalists.

Protests over Scottish prison unit spread

MORE SCOTTISH prison officers are taking unofficial industrial action against their union's advice.

Officers at five institutions were working to rule yesterday in protest at the re-introduction of a special segregation unit at Porterfield Prison, Inverness.

The Scottish Prison Officers' Association last week called off its threatened action due to start this week, but officers at Glasgow's Barlinnie Jail, Greenock and Longriggend remand centres, Strathclyde, went ahead.

They were later joined by officers at Perth and yesterday by staff at the Dumfries young offenders' institution.

More than 2,000 prisoners are having to spend more time locked in their cells and court proceedings have been disrupted.

Mr. Bruce Millan, Scottish Secretary, has said the Inverness unit will be used only on his personal recommendation, but the officers want to be consulted about which violent prisoners would be considered suitable for the special cells.

Draymen keep up sanctions

NEARLY 500 draymen employed at Newcastle-upon-Tyne by Scottish and Newcastle Breweries continued their sanctions yesterday, in spite of a ballot of 4,000 colleagues in favour of a pay offer within Government guidelines.

The draymen, who want an improved bonus scheme, are "working to standard" by refusing to make extra deliveries.

BL pay talks resume soon

Financial Times Reporter

THE BL joint management and union negotiating committee is meeting again on Thursday to try to unravel some of the company's pay problems.

The joint team met last Friday but after a day of discussion a decision on the company's parity proposal was deferred.

BL's plans to keep the parity scheme separate from the pay review were upset when the unions decided to delay a decision on parity until all details of the job cuts were known at individual plants.

A move by senior shop stewards for plant bargaining led eventually to the controversial Leyland package, which links the pay review to measures for improving productivity.

Insurance industry 'faces controversy and laws'

BY ERIC SHORT

FINANCIAL TIMES World Insurance CONFERENCE

THE UK insurance industry and the pension funds are bound to be the subject of political controversy and further legislation, Mr. Dick Taverne, director of Equity and Law Life Assurance Society, warned yesterday.

He argued that such action was inevitable because of the power represented by the sheer size of insurance and pension funds.

Some managers had power to alter Government economic planning, as was shown in 1974 and again this year. They also exerted tremendous influence on the management of industrial and commercial industries, since these funds were the main suppliers of capital.

He felt that the political and economic reaction to the present situation would take several forms. There would be overwhelming pressure for legislation to control the investment policy of funds, varying from a code of practice to outright direction.

The movement towards industrial democracy in investment of funds would probably gain space—the main consideration being what form employee participation should take. There was also the threat of outright nationalisation.

But Mr Taverne—speaking on the second day of the Financial Times world insurance conference—also considered that there would be pressure for tax changes involving a lowering of top tax rates in order to reduce the tremendous tax advantages now enjoyed by insurance and pension funds.

The objective would be to encourage direct investment by individuals rather than investment through insurance and pension plans.

Realities

Mr. Terry Casey, general secretary of the National Association of Schoolmasters and the Union of Women Teachers, urged management to let employees become more involved in the operation and management of their company pension scheme.

He felt such action would lead to a better understanding by the workforce of the realities of the economy and an appreciation of what is involved in making investment decisions.

It would help considerably in the educative process of trade unionists and would put an end to the attitude of certain trade unionists who blithely ignored economic facts.

He was critical of the way in which past governments, as employers, had not involved teachers, as employees, in the management of teachers' own pension scheme.

Mr. Richard Ellis, managing director of Cannon Assurance, said the UK life assurance industry had become much more innovated and market-orientated over the past decade.

The industry was now geared to finding out what the consumer wanted from life assurance and then providing him with the required products, compared with previous attitudes of telling the public what they needed.

They attributed this change primarily to the influence of the recently formed linked life companies. He emphasised, however, that it was important for the life assurance industry to be able to operate in a legislative environment which would enable it to be flexible enough to meet the changing needs of the community.

The role of economic forecasting and what it meant to management was described by Mr. James Morrel, director of the Henley Centre for Forecasting.

He explained how forecasts were built up and described the inter-relationship between the various factors which affected the economic scene.

Mr. Jen Crafter, general manager (finance and services) of The British United Provident Association, discussed the growth of private health insurance in the UK.

Policies

He said a growing number of companies were now providing medical insurance schemes as part of the overall benefit package for employees.

With the passing of the Health Services Act in 1976, private medicine had been completely separated from the National Health Service, and could now pursue its own policies for growth and development.

The major provident societies in the UK, especially his own company, had an important role to play in this development through the provision of financial facilities.

● NEWS ANALYSIS—PAY GUIDELINES

Sanctions — Ford in floodlight

BY ALAN PIKE, LABOUR CORRESPONDENT

FORD'S floodlit position at the head of the annual pay round has now inevitably promoted the company to the same prominence on the sanctions front.

If mass meetings of the 57,000 Ford strikers this morning accept the offer approved by their negotiators on Monday, Ford will not be the first company to have agreed to pay increases above 5 per cent. Its American multinational motor industry partner Vauxhall has settled for around 8.5 per cent plus productivity. British Oxygen is moving towards a settlement believed to involve increases of about 9 per cent on basic rates.

The £20 per week Ford claim, the nine-week-long Ford strike and the 17 per cent Ford final offer have, however, all been projected by some strike leaders as symbols of a wider fight to breach the guidelines on behalf of the whole private sector. In consequence, the Government's reaction will do much to establish the strength of its determination to retaliate against companies which go over the limit.

There is also feeling in Government circles that, unlike the productivity-based settlement negotiated at Vauxhall, Ford has been responsible for a blatant breach of the pay guidelines and must be dealt with accordingly. An early public statement of the proposed Government action is expected.

Potential sanctions against Ford generally mirror those which the Government could invoke against any company which settles above 5 per cent. These fall into the broad areas of prices, Government grants and other financial aid and Government purchasing.

A strict vetting of future Ford applications for price increases is one expected consequence of a settlement outside guidelines. Such a weapon must, however, be used with care. Ford's strong market position and the full order-books for many of its models means that artificial restraints on its prices could upset the delicate competitive balance of the industry with repercussions on BL and elsewhere.

Engine plant

Ford management—which has already had private discussions with Ministers on the sanctions issue—can also be expected to point out firmly that British labour costs are only one factor in any application for price increases.

However, evidence that price controls are alive in the Government's pay sanctions armoury was provided last week when Mr. William Rodgers, Transport Secretary, warned the Scottish region of the Road Haulage Association that a settlement outside the guidelines would lead to sanctions. These, the hauliers were told, would at least involve action to restrict haulage rate increases.

While the withdrawal of State aid is viable as a potential sanction, there appears to be general agreement in the Ford case that the new South Wales engine plant, now under construction, is not at risk.

This leaves the imposition of a Government ban on the purchase of new vehicles from Ford as the most direct and easily effective method of retaliating to the 17 per cent pay award.

There is a strong feeling that Ministers will opt for this sanction — possibly in conjunction with others — when the final decision is taken.

An effective ban on Ford purchases would probably be limited to central Government departments. The Government would find it more difficult to force local authorities, many under Conservative control, to follow its lead.

Ford sells 25,000 vehicles a year to Government departments. The impact of having these orders removed, however, must be set against the fact that at a time when there is strong demand for the company's cars it has just lost 117,000 because of the strike.

Another more general factor which Ford will expect the Government to take into account when deciding its sanctions policy is that it has suffered a nine-week-long strike which began the day that it made a 5 per cent offer.

Blacklist

The Confederation of British Industry—which is opposed to discretionary sanctions, or a Government black list—believes that if they are used at all they must not unfairly penalise those companies which have already suffered serious damage by resisting strikes in support of wage claims outside the guidelines.

As the CBI neatly states the dilemma: "If sanctions are to be applied regardless of a company's efforts to settle within the guidelines it is bound to affect the determination of companies to resist in the first place."

A not dissimilar view from the trade union side was voiced with a different emphasis by Mr. Reg Birch, a member of the Amalgamated Union of Engineering Workers executive and secretary of the Ford union negotiators, after Monday's decision to recommend acceptance of the Ford offer. The Government's pay policy, he said, had already imposed a nine-week-long strike on Ford and this was a sanction on his members.

هكذا من الأصل

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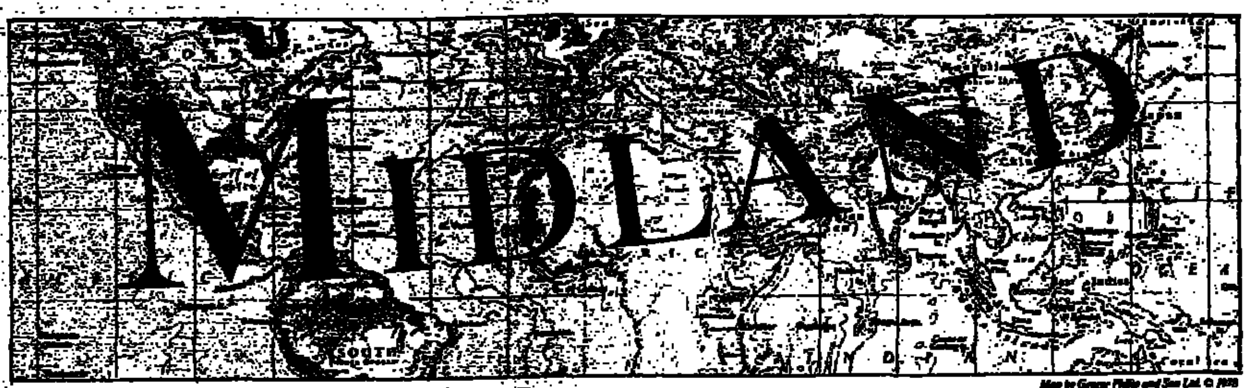

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Metal spray makes low cost forgings

DESCRIBED on Technical Page some two years ago at its inception, the Osprey metal powder manufacturing and forging process is ready for world marketing and an agreement to do this has been signed between British Oxygen Company and Osprey Metals of Neath, Glam.

The attraction of the process is that it can take almost any clean scrap, discarded flash or casting waste of many types of metal, melt them and turn the molten material into a fine spray of hot droplets by pouring the metal in a thin stream from a tundish and blasting it with jets of inert gas, such as nitrogen.

This is not the end of the process since the stream of hot droplets is directed into appropriately shaped containers to produce preforms of the desired workpieces. In the collector the particles flatten on impact and weld together to form full high density preforms that can be forged to finished condition in a few seconds.

Savings claimed are of the order of 50 per cent in the manufacture of shaped articles such as gears and cutting tools compared with traditional methods such as forming, which produces large amounts of waste flash, and powder metallurgy, a process in which the dies can be expensive and complicated.

Forgings emerging from this process show no segregation with fine grain size and no internal oxidation. Density is typically higher than 95 per cent.

Stemming from the original Osprey work has been the development of systems which can be used to produce extremely fine metal powders of the highest quality. Materials with very low oxygen content can be produced from many alloys including low alloy steels, stainless materials, tool steels and super alloys, as well as the range of non-ferrous metals used industrially.

The process does not require complex plant and can generally go into ordinary industrial premises. While it is anticipated that a number of licences covering the installation of Osprey units will be for spray forgings and [illegible] extrusions will be [illegible] in the near future.

Further information from BOC, Hammersmith House, London W6 9DX. 01-748 2020, or on Bradford (0274) 595527.

Replacing light alloys

FURTHER PENETRATION into the domain of the light metal alloys is likely with the development by Polypenco of the rigid engineered [illegible] material it has called Hostatron.

A polyurethane, it is made by mixing two liquid components to form the rigid cross-linked polymer. Included is an organic modifier to [illegible] the temperature gradients produced in the mix during the exothermic curing process.

The [illegible] components are injected into moulds where the reaction occurs [illegible] to produce mouldings [illegible] with no [illegible] and stress-free.

Hostatron has isotropic properties and [illegible] machined using standard [illegible] practices. Additionally [illegible] shapes and components can be produced which have been previously limited to light alloys. They may contain thin or thick sections or be of a size and weight generally associated with metal castings.

Finishes such as plating, polishing and painting can be applied.

Significantly the complex tooling demanded for high pressure, high temperature injection moulding is not needed and a considerable reduction in initial tooling costs is possible of the order of 80 per cent in some instances.

It is about half the weight per unit volume compared with aluminium and has an operational temperature range of minus 150 to 65 degrees C.

Various mould materials can be used and it is possible to mould the product around steel components and round other engineering plastics, the inserts being firmly held.

Polypenco, POB 56, Welwyn Garden City, Herts. Welwyn Garden 21221.

Plastics film has novel properties

AN INVESTMENT of about £1m, in the initial phase of a project for the production of a new plastic film, has commenced at the Aylesford, Maidstone, Kent factory of Reed Plastic Packaging (0622-77855).

Based principally on polypropylene, but also containing other polymers essential to achieve the required characteristics, the film is called Reedex-F.

It is *manufactured* by cold lamination and biaxial orientation (using a patented cold roll technique) of two or more cross oriented layers of co-extruded film, and it is the "cross-film" (XF) from which the company has derived the name for its UK product.

The company's plastic packaging's production machinery, *which incorporates the patented* features of the process, has been manufactured under licence by Thrige-Titan AS, of Denmark, and the co-extrusion plant and printer together with other converting machinery, made by Windmoller and Holscher of West Germany.

The film is being produced in reels up to 1.5 metres wide in two substances—70 grammes per square metre and 90 grammes per square metre. Both are said to be superior to 184 gsm and 230 gsm low density polyethylene respectively, in terms of tear strength, impact and puncture resistance.

It can be heat sealed, sewn, eyeletted, taped and nailed, is said to have excellent frictional properties due to its surface characteristics, and will be available in a range of colours.

Because it is stabilised against weathering to ensure long life, and it can be subjected to high frequency electronic treatment to ensure permanent ink adhesion, the film should be suitable for many applications for which plastic is not at present used, says the company.

In packaging areas, it offers a wide variety of protective wrappings, particularly for machinery and equipment for export; pallet covers, tarpaulins, high performance sacks and other heavy duty packaging applica*tions.*

In building and construction, it can be used as roof tile underlay, damp proof membrane for floors, roadways, etc., and for protecting work under construction.

Caravanners, campers and hikers should find it useful for ground sheets, windbreaks, protective clothing, awnings, etc., and it can line or cover swimming pools.

It also promises applications in horticulture and agriculture (including land reclamation) as rick and stack covers lining and covering silage pits, reservoir lining, covering and lining greenhouses, and protecting *equipment* and packed crops awaiting collection from the fields, etc.

The product is the result of more than 10 years research and development by Danish inventor, Ole-Bendt Rasmussen.

The company has acquired a fully exclusive licence to manufacture and sell the film in the UK, Eire, Canada, Australia and New Zealand, together with sub-licensing rights, and also has manufacturing and selling rights in other parts of the world.

Promises better hygiene

THE INTERNAL cleaning of pipework, vessels and other equipment in the brewing, soft drinks, dairy and liquid food processing industries requires the use of cleaning in-place chemicals, and a company has now added three such substances to its present range.

For adding direct to liquid caustic products to improve their cleaning power is Vital 2 which contains a *blend of chelating, sequestering and wetting agents;* AC20 is a 37 per cent active liquid caustic with added chelating, sequestering and wetting agent and is a low-foaming product specially formulated for cleaning of brewery and dairy vessels, heat exchangers, evaporators, tanks and pipelines, as well as for bottle washing. Cold-cleaning of pipes and vessels and for final rinse applications in the cleaning of milk evaporators can be undertaken with Acidklenz, a blend of acids and surfactants.

Two of the chemicals, AC20 and Acidklenz, are available in bulk delivery by road tanker, and all three products are also available in 45-gallon drums and in returnable 1-ton transit tanks, says Soilax, 830, Yeovil Road, Trading Estate, Slough SL1 4JL (Slough 34211).

Window film saves heat

DEVELOPED by Solar-X Corporation is an adhesive insulating window film which it is claimed can approach the thermal performance of double glazing and reduce heat loss through windows by 30 to 40 per cent.

Called 40/80, the material is an adhesive polyester film vacuum plated with a thin metallic layer which allows a reasonable amount of light to enter but reflects some infra-red.

The film also acts as a conventional solar control film and is stated to reject up to 80 per cent of solar heat in summer while reducing transmission of ultra-violet to under five per cent. Summer air conditioning costs, especially in warmer summer climates, are reduced and protection is provided against ultra-violet damage to *furniture.* The film *provides* a mirrored effect from the outside and is partially transparent from within.

Energy savings are put at about 20 per cent, and if installation is carried out in-house pay-back time is said to be two years.

Solar-X International SA, avenue Princess-Alice 5, Monte Carlo 86.

Laminate's metal finish

A VARIETY of finishes and designs, including brushed aluminium and copper tones, is available in a range of laminates from Norsk Hydro (UK), Concord House, The Centre, High Street, Feltham, Middlesex TW13 4BG.

Known as the Respatex metal range, it can be bonded to a number of different cores such as chipboard, blockboard, plywood, asbestos, etc. A high grade lacquer finish protects against oxidation and chemical reaction.

Also announced in the range is aluminium brushed matt asbestos. This has a Class O fire rating and is recommended for use wherever flexible decorative surfaces are required and, due to its highly ductile nature, it can be applied to very small radii.

Keeps in the heat

AN ALTERNATIVE to fibreglass for loft insulation is offered with the introduction of Rollbatts—flexible, lightweight mats of resin-bonded mineral wool—from Rockwool, Western Avenue Industrial Estate, Bridgend, Mid-Glamorgan CF31 3RT (Bridgend 0656-62611).

This is available in 50 mm, 60 mm, 75 mm, 80 mm and 100 mm thicknesses. A major advantage, when applied in the normal manner between the ceiling joists, is its resistance to compression.

This means that the mats will not compress under their own weight, with corresponding effective loss of thickness over the years.

● HANDLING

Smooth running trucks

YALE ELECTRIC rider lift trucks in the ERC/ERP A series run from 2,000 to 4,000 lb capacities.

Yale Econtrol solid-state pulse control contributes to their performance by giving a high degree of inching ability for handling delicate and awkward loads in confined spaces and smooth acceleration and deceleration, which allows the driver to operate quickly and efficiently with safety and precision.

Travel and lift speeds have been increased for optimum performance. For example, the A Series 2,000 lb capacity model lifts a full load at 88 ft/min in perfect safety.

Articulated design of the steering axle, which has needle roller bearings and bushes sealed against dirt and water, ensures four wheel contact and stability whatever the ground surface. A generous steering lock, inclined kingpins and full power steering *contribute* to superb manoeuvrability.

Eaton House, Staines Road, Hounslow TW4 5DX. 01-572 7313.

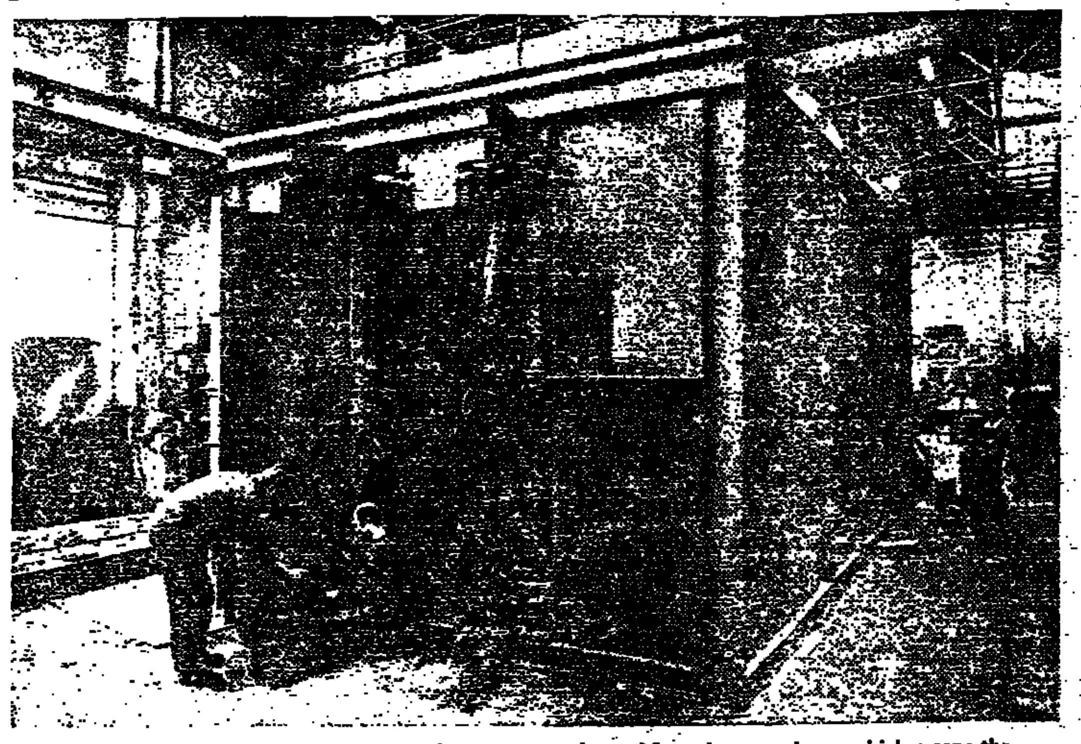
Cranes are easily dismantled

THREE hydraulically operated *shop floor cranes, with capacities* ranging from ½ to two tons, and a ½-ton truck mounted crane, are supplied in knock-down, bolt-together form (so that they can be simply dismantled for storage and transport) are available from Linford Engineering, Alders Drive, Moons Moat, Redditch, Worcs. (Redditch 26513).

A 360 degree ball bearing swivel on the hydraulic unit (incorporated in all but the ½-ton capacity models) enables the operator to achieve multiple operating positions on shop floor units and a telescoping boom *permits* multiple length adjustments.

Said to be ideal for a variety of automotive, transport, industrial, agricultural and airport applications, they are a development on the Walker Cranes made in the U.S.

● PROCESSING



This blast cleaning room, shown here nearing completion, has been built by Vacu-Blast and is now being used by Duramin Engineering Company of Lydney, Glos., for finishing freight containers. It is 26 ft long and 14 ft wide and fitted with a 3-tons capacity monorail conveyor which facilitates movement of the containers. Cast iron grit is sprayed at the containers at about 80 psi and air in the room completely changed four times a minute which means the operators have good visibility all the time. Used abrasive is drawn through the floor and sucked away for recycling. Double doors are fitted at both ends of the blast room and two operators can work in it at the same time. Vacu-Blast, a subsidiary of BTR, has its works and headquarters at Woodson House, Ajax Avenue, Slough, Berks SL1 4DJ (0753 26511).

● DATA PROCESSING

Provides a versatile display

LATEST video display unit from Delta Data Systems is built around a powerful 16 bit microcomputer which, with up to 32k words and advanced software yields a system of considerable versatility.

For example, up to eight user-definable vertically or horizontally shaped screen segments can be provided, and each can be *paged or scrolled as required.* Thus, data can be received and displayed on one segment while the operator uses the other from the keyboard. Text can even be moved from segment to segment.

Display memory up to 35,000 characters from a standard 5000 characters can be provided, allowing multiple character sets to be installed. From a basic set of 128 characters the complement can be increased to 896 displayable characters in eight different sets, some of which are RAM loadable. There is even an option which allows the user to design his own character set.

All the usual video attributes are provided including blink, reverse video, half intensity, dotted underline, so that any character or block of text can be enhanced to indicate special status.

Swallowfields, Welwyn Garden City, Hertfordshire AL7 1JD (Welwyn Garden 33833).

Challenges middle range minis

INTEL IS claiming that its latest single board computer iSBC 86/12 is the most powerful microcomputer board to be announced so far.

Making use of the 5 MHz 8086 central processor chip, the computer is said to exceed the performance of the *PDP-11/34* and replaces four standard minicomputer boards in a typical OEM system at about half the price.

Soon, however, the company will be making the 8 MHz version of the 8086 available, at which point the gap in performance between the mid-range minis and the Intel micro "will be *substantially* greater."

The iSBC 86/12 has a 16-bit central processor, up to 48 kbytes of memory, dedicated parallel input/output and a serial communications interface all on the same board. It plugs straight into the standard Intel Multibus and can be expanded using any of the company's cards or those of 100 other manufacturers now *supporting the Multibus idea.*

Such boards include random access and read only memory up to 64 kbytes, PROM programer boards, mini and standard disc controllers, cassette controllers, video graphics boards, communications controls and many others.

More from 4 Between Towns Road, Cowley, Oxford OX4 3NB *(0865 771431).*

Advice on contracts

NCC's Scottish Region is providing a working party, joined *by a representative of the* Institute of Purchasing Officers, to produce guidelines for computer software contracts. Its report will be published in the form of a handbook, a companion volume to the book on hardware contracts published last year.

The move is important because of the growing number of computer software packages being purchased. Computer managers urgently need to have advice on how to draw up suitable contracts to cover purchase, installation and maintenance. The investigation by the NCC will help managers to understand the nature of sales contracts—such as terms that should be covered —and will help to equip them for the necessary contracts negotiations.

The books do not set out to propose an ideal contract, but to provide the manager with recommendations and suggestions regarding items to be included in contracts. They should have negotiation time, both for the purchaser and the supplier, and speed up the process of negotiation.

NCC, Oxford Road, Manchester M1 7ED. 061228 6333.

● ACCOUNTING

Till for a corner shop

THE REMARKABLE price/performance improvements achieved in the last few years by the calculator manufacturers are increasingly reflected in kindred devices such as electronic cash registers.

Latest example, from Casio, the 10ER will do all of the jobs the small shopkeeper is likely to need and will provide precise accounting records that are comprehensive but easy to *understand.* The *58 mm* paper roll print-out produces either the transaction details in the form of a receipt for the customer, or a day-end summary/total of cash sales, credit sales, reductions and discounts, total number of customers and total number of items sold.

The green gas-discharge display shows either the transaction total or the change (with clear legend to avoid confusion) and the number of repeats.

After a sub-total has been obtained and the amount tendered is entered, the machine computes the change and displays it. The customer's ticket shows each stage of the transaction.

There are also facilities for pre-settable or manually entered discounts and other *reductions,* and a key to allow credit sales to be separately registered from cash sales. Refunds and corrections are also catered for.

The electronic cash register measures 318 x 480 x 286 mm and weighs 9.4 kg. The price is dependent upon a discount structure, but will not exceed £115.

Casio Electronics, 28 Scrutton Street, London EC2A 4TY (01-377 9087).

● IN THE OFFICE

Projector fits drawing board

AN ART projector, called the Atrograph DB 300, manufactured in the U.S. by Artographic Inc., is now obtainable in this country from Survey and General Instrument Co., Fircroft Way, Edenbridge, Kent (0732 864111).

Featuring up to 3 x enlargement and down to 3 x reduction, the projector is equipped with two 150W PH 212 photo enlarging lamps and a 6½ inch f/4.5 high resolution enlarging lens.

For magnifications outside the *stated range, it can be swivelled* round to project on to the floor or a low-level working surface.

● CONFERENCES

Equipment for foundries

RECENT developments in plant and machinery for ferrous foundries are to be discussed in a one day seminar held by the Swedish Trade Commission in London on January 24.

Experts from leading Swedish companies and foundry industry will assemble at Glaziers' Hall, a City Livery Hall close to London Bridge, and deliver papers on topics covering air pollution, melting technology, materials handling, robots, etc.

There is no fee, and places are available from the Swedish Trade Commissioner 73 Welbeck Street, London W1M 8AN.

● INSTRUMENTS

Point for accurate revolutions

COMPACT INSTRUMENTS has *introduced a portable, optical* tachometer for non-contact operation up to one metre away from the machine being tested.

The Compact 6000 can be used to check the speed of any rotating machine without removing machine guards, meshes, grilles or transparent windows.

The instrument uses a visible light beam and is unusually accurate—within plus or minus 1rpm up to 19,999 rpm. In use, all that is required is to point the Compact 6000, press the button and read the speed of rotation directly on the digital display. Readings are updated every 0.6 seconds. No mechanical or electrical connections are necessary; only a piece of reflec*tive tape needs to be stuck to* a convenient part of the rotating surface before the machine is started. Because the light beam is visible, it is an easy matter to direct the device at the target, especially when ambient lighting is poor. An on-target indicator lights to show that the beam is correctly aligned.

To facilitate writing down results, a built-in *memory system* holds the last displayed reading for approximately 10 seconds after the button is released.

Main application areas are expected to be in measuring the speed of engines, fans, turbines, *couplings, shafts, motors, pulleys,* faceplates etc., whenever it is necessary to check rotating or reciprocating machinery.

Compact Instruments, Binary House, Park Road, Barnet, Herts. EN5 5SA. (01440-6663.)

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مكتاصنه الأصل

The Management Page

EDITED BY CHRISTOPHER LORENZ

Michael Lafferty on Turquands after the Sime Darby affair

A bitter blow to the gentleman of the accountancy profession

LAST Friday the accounting firm Turquands Barton Mayhew lost the audit of Sime Darby, the Far Eastern trading concern which had been one of the firm's largest clients. The sacking came as a bitter blow to the firm, which only a few years previously found that Sime Darby's then chairman, Mr. Dennis Pinder, was defrauding the group of substantial amounts.

Mr. Dennis Garratt

The decision to resist dismissal at Sime Darby, and the choice of tactics, catapulted Turquands into the pages of the national Press. This normally publicity-shy firm made no secret of the fact that it was using the Press to get what it called "the real reasons" for the proposed dismissal from the Sime Board. But by the time of the last Press conference before the Sime shareholders' meeting, Turquands senior partner, Mr. Dennis Garratt, was accepting defeat. "We were on a hiding to nothing," he said—nevertheless justifying the decision to resist dismissal on the grounds of protecting his firm's good name.

In retrospect, Turquands would probably do the same again. But senior partners in other accounting firms doubt the firm's wisdom in the Sime case.

What makes the affair particularly significant is that Turquands is one of the top 10 British accounting firms: it probably ranks in size larger than Touche Ross or Arthur Young McClelland Moores.

But unlike these two firms, Turquands is not one of the "Big Eight" international accounting groupings. Indeed it lost the Sime audit to one of the best known members of that particular club, Price Waterhouse. And the Sime Board made much play of the fact that it wanted to appoint Price Waterhouse because that firm is bigger and more international than Turquands.

Turquands has sought to protect itself from the competition of the Big Eight by entering into a European partnership—with Klynveld Kraayenhof, the large Dutch accounting firm, and Deutsche Treuhand, a substantial German firm. But KTD, as the grouping calls itself, has not yet seemed to attract much new business to Turquands. It certainly shows little sign of becoming a recognised European alternative to the international giants.

Associations

Outside Europe, Turquands has associations with other accounting firms. In the U.S. for example, the link is with Hurdman and Cranstoun—a firm which comes near to the top of the second division there in terms of size.

It is to the KTD arrangement, presumably, that Turquands must look if it is to compete for major new clients. But will the present loose arrangement ever develop into a full partnership? Questioned whether there is any possibility of it breaking up, Mr. Garratt simply adds: "I'm not expecting it to crumble immediately."

Turquands Barton Mayhew itself is the result of a merger in 1972 between two substantial and well-established accounting practices — Turquand Youngs and Barton Mayhew. Speculation in the profession that this has not been a total success is dismissed by Turquands' partners as baseless.

Such thoughts have undoubtedly been fuelled by Turquands' cautious attitudes to getting new clients—somewhat different from other firms. "We don't go out of our way to steal other people's clients," is how Mr. Garratt puts it.

Whether this relaxed approach is any longer appropriate to one of the country's largest accounting firms may be doubted, given the noticeable stepping-up of competition from the rest of the majors. This competition manifests itself in many ways—increased job advertising ("because we always need staff"), the distribution of firms' publications, and the issuing of Press releases on major accounting topics are the more obvious. But some top accounting firms take the job so seriously that they are willing to spend a lot of money and partner time in getting their names into the right places.

Price Waterhouse, for example, falls into this latter category. An indication of how successful it has been so far is provided by comments from senior partners in other Big Eight firms. "PW is the one we worry most about," says one; another admits that PW's success in the new clients game is a cause of constant worry. Altogether, the contrast with Turquands could not be more marked. Mr. Garratt expresses surprise when informed that other accounting firms employ public relations organisations. City and Industrial Publicity, the PR firm which handled TBM's Press releases in the Sime Darby case was brought in by Turquands' lawyers, McKenna and Co., on "a one-off basis."

These examples indicate the kind of firm Turquands Barton Mayhew is. It is big, gentlemanly, and lacking in the sort of international connections the Big Eight have, particularly in the U.S. As such, it is probably the most likely member of the large U.K. accounting firms to be involved in a merger over the next few years. This is how Mr. Garratt answers the question of whether his firm will have merged 10 years from now:

"In the years to come there will probably only be a handful of large firms left. The only question is the speed at which this will take place. I doubt if Turquands will be unaffected by that trend."

Approaches from other firms have come regularly. According to Mr. Garratt one firm asks every year, and gets the same reply. How far any such discussions have gone is not known, but it is safe to bet, as one Big Eight senior partner put it, that Turquands "would know where to come" if it wanted a merger. However, the likelihood is that any final resting place would be with one of the Big Eight. A critical factor here would be Turquands' undoubted strength in the Far East, where it is, arguably, the largest accounting firm in the region.

SOME OF TURQUANDS' MAJOR AUDIT CLIENTS

Bowater
BTR
Consolidated Goldfields
Great Portland Estates
Arthur Guinness
Ladbroke Group
National Westminster Bank (joint audit)
Shell Transport and Trading
Sear Food Holdings
Westland Aircraft
Milk Marketing Board
Norwich Union

Source: Crawford's Directory of City Connections 1977-78.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Freelance earnings abroad

I am a freelance worker and occasionally spend a few days abroad on short term contracts entered into with foreign employers and paid abroad. Based on IR 25 I have since 1975 taken 75 per cent of my foreign earnings as a basis for the assessment of income tax, instead of 100 per cent. My accountant and the IR inspector have never queried this procedure, but now I have been informed that the situation on foreign earnings is not as I have understood it to be.

IR claim that 100 per cent of earnings abroad should have been taken as the basis of the tax assessment for the period 1975 to 1978.

Could you please advise whether you consider that the IR is correct, whether the IR inspector can reverse his decision of previous years, and whether there is any legislation and IR literature, which describe the situation since 1974?

You have not given us much to go on, but we wonder whether you are referring to schedule D case II assessments. The 1974 and 1977 editions of IR25 relate to schedule E assessments primarily, and only to case V of schedule D (not case I or case II). The distinction is, broadly speaking, between contracts of service (schedule E) and contracts for services (schedule D), and you must give your accountant full details of the terms of the oversea contracts, if you have not already done so, to enable him or her to decide which schedule and case each one falls within.

If you are in fact talking about schedule D case II, then it looks as though the inspector is justified in making further assessments for past years, by virtue of section 29(3) of the Taxes Management Act 1970. Here again, you must consult your accountant, who knows both the law and the facts.

For 1978-79 onwards, as you probably know, 25 per cent relief rather like that described in IR25 is available for case I and II schedule D assessments, by virtue of section 27 of (and schedule 4 to) the Finance Act 1978. No doubt a third edition of IR25 will be issued fairly soon, to incorporate this new extension of relief.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Employees apathetic about running pension schemes

BY ERIC SHORT

THE ROLE of employees in the running of company pension schemes is a subject that everyone connected with pensions is earnestly discussing—everyone that is except the employees themselves. Politicians, trade unions, professional bodies, are all vitally interested in the debate on member participation, but the reaction from members is often to yawn and then change the subject.

This is a great pity, because there are vital principles at stake and employees should be concerned at what is being proposed on their behalf. After all it is their money that is being managed and such sums involve considerable amounts.

Pension schemes are set up under trust and administered by a board of trustees. This board has the duty and responsibility of administering the trust, that is the pension scheme, for the benefit of the beneficiaries of the trust, that is the members. *Therefore it is only* democratic that members should have a voice in the appointment of the trustees. No one has challenged this principle, at least in public, yet it is surprising that member participation has been very slow to emerge.

There are essentially two schools of thought on this subject — that of the Government and trade unions and that of the other political parties and the professional bodies concerned. The Government proposed in its White Paper on member participation over two years ago that 50 per cent of the seats on the board should go to member representatives and that the appointment of these persons should be the sole right and responsibility of recognised independent trade unions.

The Conservative and Liberal parties, the professional bodies concerned with pensions and others, take the line that the member representatives should be appointed by the members themselves and this should include all members, irrespective of whether they belong to a recognised independent trade union or not.

When the Government published its White Paper, it went through the usual process of seeking the views of the pensions' industry and other interested bodies and persons. But the pensions industry feels that this was simply to conform with an outward show of democracy. The Government, it argues, was not interested in modifying its original plans to take account of the very strong views put forward.

The frustration thus engendered was very evident when this subject was discussed at last week's Conference of the National Association of Pension Funds. Mr. Michael Pilch, the deputy chairman, stated bitterly that the Government was not interested in member participation, only in trade union participation.

Participation

The Government has prepared the necessary Bill to bring about member participation on the lines laid down in the White Paper. Mr. David Ennals, the Secretary of State for Social Services, stated at the NAPF conference that it would be introduced as soon as the time seems ripe.

Lord Banks, the Liberal spokesman on pensions, also speaking at the conference, revealed that the Liberals had blocked the introduction of the Bill during the days of the Lab-Lib pact because it was based on union participation, not member participation. So perhaps everything depends on the outcome of the next election. Or does it?

If by the time the next Labour Government is ready to introduce legislation on participation the vast majority of pension schemes have their own genuine member participation working to the satisfaction of members, it may well have to modify its proposals.

The Government has pledged that good participation schemes have nothing to fear from the proposed legislation, though until the Bill is published one cannot judge.

Employers might be advised to press ahead with schemes for member participation. Even a Labour Government with an overall majority will have to take some heed of strong public opinion. And to help employers bring about what the Society of Pension Consultants calls meaningful participation, it has produced a booklet* explaining among other things various methods of voting.

We still have the single vote system for parliamentary and local authority elections and the vast majority of the electorate seems satisfied with the system. But the society feels that a first past the post system is likely to cause unrest in electing trustee members.

It takes the view that the minority will not happily accept the voting power of the majority. For example, if the scheme membership is split 60 per cent manual, 40 per cent staff, then the staff will feel disenfranchised if the manual employees vote their members on every time. But the booklet does emphasise that each scheme should find the method that suits it best.

Another possible course of action was put forward by Mr. Patrick Jenkin, the Conservative spokesman on Social Services. He suggested at the NAPF conference that a Conservative Government could introduce legislation on member participation giving democratic rights to every pension scheme member that a subsequent Labour Government could not take away. This suggestion came from out of the blue—the previous Tory line being a code of practice. But Mr. Jenkin is seeking the views of the pension industry.

**Member Participation in the Management of Pension schemes—Selecting Representatives—from The Society of Pension Consultants, Ludgate House, Ludgate Circus, London, EC4.*

A place in the game

WITH NEARLY 900 teams already in the starting position for next year's £2,000 national management championship, would-be contestants are still asking how they can enter the lists. Accordingly, Jack Layzell, the chief administrator, has agreed to extend the closing date until December 1.

Those wishing to make sure of a place in the game—which also offers prizes of £750, £500 and £250 for the teams which finish second, third and fourth—should swiftly contact Mr. Layzell at NMG, Victoria House, Southampton Row, London WC1B 4EJ, tel.: 01-242 7806. The entry fee is £60.

LOMBARD

A case for open bargaining

BY COLIN JONES

ON FRIDAY when Mr. Peter Shore, the Environment Secretary, tells us how much taxpayers are to contribute in government grants to local councils in 1979-80, the question most of us would like answered is: what will this mean for local rates bills next April?

The cynic would say that this depends upon whether local authority spending is under control—and views on that can reflect what is thought about the way local councils spend just over a sixth of the national income. If, however, "under control" means "Is local authority spending growing no faster than the economy itself is growing?," then the answer is broadly Yes.

The level of local revenue spending next year, upon which government grant will be based—and over which there is this time relatively little dispute between Whitehall and the local authority associations—is expected to be 2.3 per cent higher in real terms than the figure accepted for this year's grant and about 2.0 per cent more than this year's likely outturn. Most of the increase reflects two factors, higher interest charges and a bigger revenue contribution to capital spending. The increase in current expenditure, to use the jargon of the public expenditure White Paper, will be 1.0 per cent. This is a fraction more than that document foreshadowed in January but it is well below the growth rates of the early 1970s.

Not easy

So far so good, one might say, but the auguries will not be easy to read on Friday. Mr. Shore is expected to announce the same grant percentage (61 per cent) as this year—despite Treasury pressure for a reduction. So with the volume of spending upon which the grant will be based rising by about 2-2½ per cent and aggregate rateable values across the country also rising by about 2-2½ per cent, the average increase in rates bills ought roughly to represent the rate of inflation in local authority costs, plus or minus whatever councils choose to add to or extract from their working cash balances.

On this basis, Mr. Shore will doubtless say that the increase in rates should be in single figures. After all, he has to uphold the government's 5 per cent pay policy and will fix next year's grant cash limit on that basis. Local councils will have other ideas about the likely trend of wage costs next year, and they will want to keep something in hand for non-wage costs and interest rates. In practice, therefore, the increase in rates bills is likely to be in single figures only if the local authority manual workers, the teachers, and so on settle for 5 per cent or if the grant percentage is set at more than 61 per cent.

This of course is on average. What happens in each area will depend not only upon each council's attitude to spending but also upon its share of the grant, and this is a factor which changes every year not merely because of demographic changes but, lately, more because of the way successive Environment Secretaries have chosen to exercise the wide measure of discretion the rate support grant system allows them.

The formula governing the distribution of grant is supposed to be based upon objective factors: in practice it is nothing of the sort. At the end of the day, after officials have gone through their annual rigmarole of multiple regression analysis and what not, the decisive factor tends to be whom ministers want to benefit most.

Net effect

In the past few years London and the other big metropolitan centres have been favoured at the expense of the "shire" or non-metropolitan areas — probably rightly so at first, since the big cities had been receiving less than their fair share but the pendulum has now swung too far. This time the changes as between the "mets" and the "non-mets" are expected to be marginal. The big change will stem from the decision to pay direct to shire district councils that part of the grant which is intended to compensate for variations in local needs.

This will reduce district rate calls and increase county precepts. But the net effect will vary as between districts and, on the whole, urban ratepayers are likely to gain at the expense of rural ratepayers.

The local authority associations, representing respectively London and the big cities, the shire counties, and the shire districts, have all been on the losing side in the bargaining over grant distribution at one time or another. It is therefore surprising that they are prepared to go on playing the game on the Government's terms — that is, behind closed doors until the decision is made.

The issues may be complex and technical. But one would have thought that the more they are brought out in full public view—and the more widely it is realised that what finally counts are subjective political considerations—the greater might be the prospects of limiting the way in which ministerial discretion is exercised.

London's green and pleasant land

GARDENS TODAY

BY ROBIN LANE FOX

THE ENGLISH garden, abroad, has a way of meaning a city-park. Yet the trees, water and grass of London's five great parks are gardens which should not be taken for granted. They stretch back through a curious history, marked out by kingly greed, wild sports, warm protests and the engagement, usually too briefly, of the country's greatest architects in order to set off the reigning family's self-esteem. No other city has lived for so long with such remarkable patches of open greenery. Only once was Hyde Park briefly owned by private buyers, at £30 an acre in the mid-seventeenth century. Stripped of the finest property deal in history by the returning Charles II, the three buyers had to abandon their place to the Crown once more and end the only intrusion on royal ownership.

Guy Williams's new Royal Parks of London (Constable, £6.95) gives a picture which is anecdotal, nicely paced and rather fun. Gardeners trapped in London would enjoy it. Country squires, obliged to make a London visit for proper shopping, more cartridges and a Christmas hamper, would be pleased to be reminded that those green acres between the traffic-jams are at least as rich in sporting history as their own model farms in the shires. Almost anything, at some point, has been shot in a London park: wild turkeys, deer, pheasants and quite a few peers and clubbable fellows who had called for the duelling pistols when insulted and often been unpleasantly surprised when the pistols worked in the park at sunrise.

Those who detest all blood-sports, except fishing (quite the bloodiest), should reflect that without them there would not now be such magnificent gardens for their safe Sunday strolls. Henry VIII's deep love of the chase is the origin of Greenwich, Regent's Park, St. James's Park and Hyde Park where, we are told, he "drove the poor monks from their snuggeries and claimed the church lands." Green Park was walled round by Charles II as a deer-harbour. Richmond was Charles I's pleasaunce, an expression which Parliament resented.

Only Kensington Gardens had a peaceful origin, picked on by William of Orange and his old Dutch, Queen Mary, as a promising site for a park-garden in the Netherlands' formal style. At that date, the water in St. James's Park was also a straight and narrow lake in the same Dutch fashion, picked up by Charles II in exile. The landscape which we call park-like, the informal water and the rolling contours of trees and lawn, is only a late Georgian arrival at best. The Serpentine, after all, has a fairly half-hearted curve in it, for all its fashionable name when Queen Caroline's 200 workers first went about it.

Parks, of course, are exclusive in origin. The kings let a few men in to shoot arrows and improve their archery: others would poach the red-squirrels, clubbing the poor beasts until the only ones left in quantity in an "English garden" are the thriving colonies in the unmolested "Englischer Garten" in Munich. The Hyde Park rabbits had their warrens blocked because they spoilt the carriage circuit of the lords and ladies. Birds have had a better time of it, not least in Richmond where, as Mr. Williams justly remarks, the tame water-birds have been excluded and the wilder sorts are therefore more willing to pop down for a while, knowing that the company will not be too depressingly exotic. King James kept beastly cormorants in St. James's. In the lunch-hour we have civil servants there instead. Not only ago, a goldeneye and a smew were spotted there from the wild.

What, though, of the gardening history? To the gardener, parks have three claims to fame, unless you are taken with the brilliant orange and cerise roses in the dazzling Queen Mary's Rose Garden in Regent's Park. Parks employed some great landscape architects. They attracted magnificent trees, never seen more finely than in this long-drawn autumn. They also left us Kensington Gardens, that charming witness to the energy of Queen Caroline, wife of George II. We have forgotten how much we owe to this couple's interest in Green Park, Richmond and the Serpentine, Broad Walk and the rest.

Among landscape architects, Mr. Williams well recalls the armchair-plans of Le Notre, the master French designer, which have been imposed on the Queen's House, Greenwich. Not able to visit the site, Le Notre has left us vistas which do not really match the contours of the ground. Warm praise, however, goes to Nash, partly for his lake in St. James's, above all for his brilliant scheme for Regents Park, carried through in spite of a poor financial start and the threat of rival plans which would have turned it into a gloomy rectangular grid. Almost everything Nash did for London was a triumph. Only the seven-storeyed pagoda in St. James's was doomed. It went up in flames at the Prince Regent's firework party and killed quite a few spectators. Histories of garden design tend to centre on Brown and Repton, those country masters. Yet Nash, in the heart of London, is just as remarkable.

If you wanted a duel, you would go to Green Park. If you wanted a whore, Boswell would have shown you the geography in Hyde Park. Greenwich had the oak in which offenders against park morality could be imprisoned for a night. Regents Park still has a massive fountain donated, no less, by Sir Cowasji Jahangir Readymoney. Almost every public amenity, from the band to cafes and the zoo, was frustrated for a while by royal disapproval. Despite the Crown, we have somehow made the Parks fun. Visitors to the heather-garden in Richmond's Isabella Plantation may feel that at times, we have overdone it.

But, the glory of these gardens is, above all, their trees. Greenwich, perhaps, takes the prize with its extraordinary chestnut-leaved oak and single-leaved ash and its pink-and-white flowered Chinese Yellow-wood beside the pond, one of London's loveliest flowering trees. The September-flowering Evokias by Birdcage Walk, St. James's, run it very close, among the finest specimens of this white-flowered Chinese beauty in Europe. Wherever you go, from the brilliant yellow of Hyde Park's autumn Pterocarya to the Erman's Birch in Hampton Court, there are trees of a scale and rarity that equal any rural planting. "A good deal of legitimate courtship," Queen Victoria was told by the chief of police, "is carried on in parks by persons of a rank of life who have no other opportunity or place." Where better, though, to lose one's heart than among such marvellous planting in lands slowly wrested from the lone pursuits of kings?

Ramblix should give Grunwick chief another victory

RACING

BY DOMINIC WIGAN

AT YESTERDAY'S four-day declaration stage, 14 stood their ground for Saturday's Hennessy Gold Cup. Among them are Approaching, Master H and Strombolus, who have been jockeying for the position of favourite for several days.

Others looking fit to take their chance include King or Country, Parkhouse, Banlieu, Current Gold, Orillo Coolishall, William Pen, Red Earl, Kents Mill and Son and Heir.

The tote, the first to come up with prices on the race, are offering 9-2 Approaching, 5-1 Master H, 6-1 Strombolus, 7-1 The Last Light, 8-1 King or Country and 12-1 bar. Although Approaching could well remain favourite I believe that the dubious honour will fall to Master H, who attracted a good deal of business yesterday.

This afternoon at Kempton it be interesting to see whether Ramblix, owned by Mr. George Ward, the Grunwick chief, can add to his growing reputation with a win in the Flyover Novices Chase—won a year ago by stablemate The Dealer.

At Ascot on Friday, Ramblix proved far too good for his market rival, Border Fort, in the Hurst Park Novices Chase over today's trip of two miles. Cruising into the lead at the third from home, he won without having to extend himself.

John Francome felt that the six-year-old would have been even more impressive there had he taken him into the lead at an early stage and I shall not be surprised to see those tactics tried this time.

Bold Saint impressed a good many people when he beat Nord by three lengths at Lingfield on November 6 and he could be the one to couple with Ramblix.

Josh Gifford, already in fine form this season, saddles Royal Judgement for the Uxbridge Opportunity Hurdle. This horse is another young performer who looks to have the measure of his opposition. At Ascot on November 1, Royal Judgement, a course and distance winner here found little difficulty in outpacing Waltzer and Vespucci in the 2½-mile Valley Gardens Opportunity Hurdle, despite a couple of mistakes.

Provided that his hurdling does not let him down Royal Judgement ought to have few problems in outpacing Toby Balding's Weyhill challenger, Bailador, a comfortable winner of a Philip Cornes qualifyer at Sandown three days after Royal Judgement's Ascot success.

Seattle Slew, who retired on a winning note when easily landing the $100,000 Stuyvesant Handicap over nine furlongs at Aqueduct, is to be syndicated for $12m. The triple crown winner of last year retires with the remarkable statistics of 14 wins and two seconds from 17 outings—and earnings of almost $1.25m.

KEMPTON

1.00—Royal Judgement**
1.30—Orange Tag*
2.00—Glanfield
2.30—Ramblix***
3.00—Listercombe
3.30—Emerald Sea

TV/Radio

♦ Indicates programme in black and white

BBC 1

9.15 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.00 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 The Moon Stallion.

5.40 News.

5.55 Nationwide (London and South-East only).

6.20 Nationwide.

6.45 Are You Being Served?

7.15 The Rockford Files.

8.05 Secret Army.

9.00 News.

9.25 The Fall and Rise of Reginald Perrin.

9.55 Sportsnight.

11.00 Tonight.

11.40 Weather, Regional News.

All Regions as BBC 1 except at the following times:—

Wales—10.00-10.20 am I Ysgolion. 2.18-2.38 pm I Ysgolion. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Fo A Fe. 7.40-8.05 Tomorrow's World. 11.40 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on people in Northern Ireland. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.

10.45 Parosi.

11.00 Play School (as BBC 1 3.55 pm).

5.35 News on 2 Headlines.

6.55 Michael Strogoff.

7.30 Mid-Evening News.

7.35 The Story of English Furniture.

8.20 The Money Programme.

9.00 M*A*S*H.

9.25 Play of the Week.

10.25 My Kind of Movie: Antoinette Sibley on "Rebel Without a Cause."

10.30 Arena: Cinema. "Thirty-nine Steps" plus a foretaste of the London Film Festival.

11.05 Schubert 1797-1828 (piano recital).

11.40 Late News.

11.55 Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 The Adventure of Rupert Bear. 12.10 pm Pipkins. 12.30 Sounds of Britain. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Moneychangers. 3.50 Tell Me Another. 4.20 The Sooty Show. 4.45 Fanfare for Young Musicians. 5.15 Batman.

5.45 News.

6.00 Thames at 6.

6.25 Help!

6.35 Crossroads.

7.00 This Is Your Life.

7.30 Coronation Street.

8.00 Wednesday at Eight.

9.00 Edward and Mrs. Simpson.

10.00 News.

10.30 The Best of British Fashion, 1978.

11.30 Lou Grant.

12.25 am Close: Music by Cesar Franck, a painting by Renoir.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Chopper Squad. 12.25 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 You're Only Young Twice. 6.00 ATV Today. 11.30 Inside Business.

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible] Granada Reports. 6.30 Mr. and Mrs. 11.30 Budgie.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The New Avengers.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Rydw i Am Fod. . . . 6.00-6.15 Y Dydd.

HTV General Service—As HTV West except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Elaine, the Singer of the Song. 11.30 Late Call. 11.35 Star Maidens.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.50 The Rolf Harris Show. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East Area Only). 11.30 Southern News Extra. 11.40 Shannon's Mob.

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

247m

(S) Stereophonic broadcast

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

194m and 95.8 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,829

ACROSS

1 Gratitude for an increase in value (12)
10 Order gunners to return to place for shooting (7)
11 Spotted picture of drink from the south (7)
12 Duck and fly when in debt (5)
13 Scamp could be a cause of disease in plants (8)
15 Uneducated I'll repeat (10)
16 Second taxi for black-leg (4)
18 Irish in another sense (4)
20 A noisy name that could be sauce (10)
23 Praised adult about article to editor (8)
24 Common objective of safe-breakers and code-breakers (5)
26 Any fat put around rope (7)
27 Tide must turn before I take on issue of book (7)
28 One who removes illusions is in den with part of bagpipes (12)

DOWN

2 Inclined to favour one person but not all (7)
3 Soldiers going to north-eastern entrance for a deserter (8)
4 Head of corn to cut and grind (4)
5 Forgiveness for sailor with the answer (10)
6 Getting cold but it could be sweet on top (5)
7 Favouring the family with unusually nice put (7)
8 While Tom is on in eastern evening-dress (3-1-4-5)
9 Hearing about start of tea break could be tortuous (13)
14 Supply gun to old fellow for battlefield (10)
17 Idleness in Act I that's now playing (8)
19 Kicked to urge on little donkey (7)
21 Suppose I'm a spirit going to the east (7)
22 Collect from a service (5)
25 Network making me keep quiet (4)

SOLUTION TO PUZZLE No. 3,828

هكذا من الأصل

Television

Always the same in sitcom land

by CHRIS DUNKLEY

And it came to pass that Richard O'Sullivan finally stopped playing the unpleasant medical student in the *Doctor* programmes. And he went down even unto bedsit land where Johnnie Mortimer and Brian Cooke wrote a new series involving O'Sullivan and two girls living in one flat. Therefore was the name of it called *Man About The House* and the girls were played by Sally Thomsett and Paula Wilcox. And O'Sullivan was like unto a chef, and the producer/director was Peter Frazer-Jones.

And dwelling in that house there were downstairs the landlord and his wife whose parts were played by Yootha Joyce and Brian Murphy.

And *Man About The House* went up out of Thames even unto America where ABC Television did a format deal. And in the days of great trouble over violence on screen they did relaunch the same idea of two nubile girls and one man living together and they did call it *Three's Company*. And, lo, the viewers saw the jiggle of the girls and thought that it was good, and sent the series to the top of the American ratings. And when this was seen at Thames they said one to another, Go to, let us buy back our own format and give it another whirl on the merry-go-round.

Now these are the other generations of *Man About The House*: Johnnie Mortimer and Brian Cooke begat *George and Mildred* starring Yootha Joyce and Brian Murphy, and Peter Frazer-Jones was the director/producer. And he was too producer/director of *Robin's Nest* for which the script editors were Johnnie Mortimer and Brian Cooke, and wherein Richard O'Sullivan was even more like unto a chef.

And *Man About The House* begat *Miss Jones and Son* starring Paula Wilcox, and Peter Frazer-Jones was the director/producer and the writer was Richard Waring.

And Richard Waring begat *Not In Front Of The Children* (starring Wendy Craig) and he begat *Marriage Lines* and also *My Wife Next Door*. Waring also begat *Second Time Around*, *The Many Wives of Patrick*, *And Mother Makes Three* and *Mother Makes Five*.

And out of these last two series went forth Wendy Craig to star in a new BBC2 series playing the mother of only two. And the name of it is called *Butterflies*, and the writer is Carla Lane. And Carla Lane begat *The Liver Birds* which returns to BBC1 on Friday . . .

And so on. The point being (to switch metaphors) that when you glance across the entire width of the variety stage called television you may at first think that a remarkably large number of people are engaged in the half-hour comedy business. After all, there is at least one such programme every night of the week; most nights there are two, and on Fridays at present there are four. (*Going Straight* and *The Liver Birds* on BBC1, *Butterflies* on BBC2 and *Soap* on ITV.)

When you look more closely, however, you discover that this impression is conveyed by quite a small number of people who are engaged in a perpetual "excuse me," forming partnerships, performing briefly together, then breaking away to make up a different team with another old partner.

The programmes they make are known as "situation comedies" ("sitcoms" for short) which is useful shorthand, so long as we all agree about what it means. It does not mean *The Muppet Show* with its puppets, guests and song and dance routines. Nor does it mean the stand up comedy of Morecombe and Wise, nor the short sketch and animation formula of *Monty Python* (whose Monday repeats are currently the funniest programmes on the box). *Wodehouse Playhouse*, a series adapted highly successfully from P. G.'s stories, features different characters in different comedy situations every week, yet is not a true situation comedy.

A sitcom is a humorous narrative drama series, almost invariably written specially for television, in which the same set of characters reappears each week, performing against the same setting which more often than not is institutional (a hospital in *Doctor On The Go*, a school in *Please Sir*, the RAF in *Get Some In*, a prison in *Porridge*), and most often of all the institution is the family home.

The popularity of such material is unmistakable: the JICTAR ratings for last week show that the first episode of a new series of *Some Mothers Do 'Ave 'Em* attracted nearly 20m viewers and went straight to No. 1. *Robin's Nest* is at No. 6, *Mixed Blessings* at No. 13, and *George And Mildred* at No. 18. The BBC's October figures prove that some of their biggest audiences for the month were for sitcoms even though they were repeats.

At the same time sitcoms arouse great hostility among the cohorts of feminists, trades unionists, rabid egalitarians and others who complain that such series are chock-a-block with stereotypes—which they are. And occasionally this fact alone is indeed deplorable.

It seems boringly unoriginal, to say the least, to people a brand new series about all-in wrestling, *The Losers*, with a cunning and cowardly little manager (played well enough by Leonard Rossiter though he is given precious little scope to provide more than the twin brother of the landlord in *Rising Damp*) and a great slab of a wrestler who is as thick as two planks. How much more original, and perhaps productive, to have reversed the stereotypes and had a stupid manager and a smart cowardly wrestler.

That aside, it seems a perverse subject to choose since all-in wrestling itself constitutes one of the very few innovations in comedy in the last few hundred years: and at its best is very funny: funnier than *The Losers*.

Usually, however, it means very little simply to claim that a given comedy figure is a stereotype. What matters is what is made of them: it is perfectly possible to use stereotypes and, with care, patience, talented actors and luck, produce great comedy. *Dad's Army* proved it. The masterstroke of that series, as Sir Huw Wheldon pointed out, was that writers Jimmy Perry and David Croft made the grammar school stereotype the officer, and the public school stereotype his NCO.

Conversely, the danger with a series such as *Are You Being Served* (where, incidentally the institution is a department store) is that each member of the large cast will be given only enough material to reinforce his stereotype each week and no more. That was certainly the appearance of last week's programme which was admittedly the first of a fresh series, but did look far too much as though writers David Croft and Jeremy Lloyd had decided on an inspection of credentials: Mr. Humphries—limp wrists; Captain Peacock—punctured pretensions, and so on.

And at this point those viewer/readers not inclined to carp about the shameless use of stereotypes will probably want to complain instead about critics who take too seriously what is "only meant to be a bit of fun." Yet like all forms of television, sitcoms can be good or bad, vital or deadly, original or derivative.

Michael Crawford's hard work and personally performed stunts in *Some Mothers* are rightly widely publicised, but it is also important to point out that last week's set-piece stunt was a dramatisation of Gerard Hoffnung's famous Oxford Union story about the barrel of bricks, and that Hoffnung's sound-only original was funnier.

In fact all the recent British sitcoms have looked more or less unoriginal from *Butterflies* which bears an odd resemblance to Charles Wood's superb *Don't Forget To Write* (though Wendy Craig is no Gwen Watford) to *Rings On Their Fingers* in which the industrious Richard Waring went through all the old marriage gags with the minor variation that his two rather unsympathetic characters had lived together for years before marrying.

And in case it is assumed that such unoriginality is inevitable, there is at least one series which completely disproves it: *Soap*, imported from America and shown at present on ITV only in London and the Midlands, takes an attitude to its two families which makes all the British sitcoms look tired. When Danny finally accepted his brother Jodie's homosexuality last week he mused, "You know, you *do* walk kinda funny . . ." which anywhere else would have been a stereotype joke but here was quite clearly intended as a joke against stereotype assumptions.

Mrs. Slocombe's famous pussy really isn't part of the same era.

Geoffrey Palmer, Wendy Craig and (seated) Andrew Hall in "Butterflies"

Festival Hall

The Apostles

by ARTHUR JACOBS

The opening is as solemnly promising as any other of Elgar's, and the short theme representing the divine calling is as rich and haunting as the recurring cadence in Britten's *War Requiem*. Why is it, then, that *The Apostles* is an oratorio commanding only a rare and respectful revival, while Elgar's earlier and shorter *Dream of Gerontius* arouses perennial enthusiasm?

Monday night's performance by the Royal Choral Society, under Meredith Davies, showed once again that the main weakness is in dramatic proportion. Lacking the continuous narrative of Cardinal Newman's text for *Gerontius*, the later work is too episodic and too preponderantly slow. A special difficulty arises with the long-drawn out soft ending of the first half, which could be effective only if contrasted with some point of mighty climax retained in the memory — but Elgar has dissipated his previous climax by the leisurely episode immediately following.

Some compensating urgency may be infused by the conductor, but Mr. Davies seemed reluctant. A tiredness overcame the music at such passages as "Why seek ye the living among the dead?" The choral singing was marked by solidity and accuracy rather than radiance, and the Royal Philharmonic Orchestra was not pushed to true Elgarian grandeur where it is needed—at the orchestral introduction to Act 2, for instance. But there were some strongly individualised moments from the brass, among them the long-breathed solo horn phrase heralding the recognition that "Thou art the Christ."

The best feature of the performance was the contrast between the forthright humanity of Raimund Herincx as Peter and the detached certainty of Stephen Roberts as Jesus. Some of Mr. Herincx's quasi-operatic characterisation could usefully have been borrowed by John King as Judas and by Alfreda Hodgson, a too satisfied-sounding Mary Magdalen. Anthony Rolfe Johnson brought to the tenor narration a rather too "holy" tone such as I think Elgar might have chosen to do without; but the composer would surely have approved the firmly soaring soprano (Virgin Mary and Angel) of Felicity Lott.

Festival Hall

Guitarama

by KEVIN HENRIQUES

It was a thoroughly commendable and enterprising idea to showcase three vastly different guitar styles in this weekend concert. The classical was represented by Carlos Bonell, flamenco by Paco Peña and jazz by Ike Isaacs and Denny Wright. Whether it was a completely satisfying musical experience is another, and debatable, matter.

Heard from a jazz standpoint the concert afforded one the chance to admire the structure of the compositions by Villa-Lobos and Albéniz which Bonell included in his opening solo spot; also the delicacy of Bonell's playing. However, classical guitar is clearly a self-contained form of music-making, much more organised than the other two and widely separated from them in emotional terms.

Flamenco and jazz *do* have certain facets in common, the most crucial being that they are both improvised musics—there have, in fact, been some jazz-flamenco albums. Clearly Paco Peña's three solo interpretations were distinguished but, to a jazz ear geared to improvisation on melody, they seemed to lack substance and maybe needed the embellishment of singers and dancers to add that important emotionalism they clearly needed on Saturday.

Jazz guitarists Ike Isaacs and Denny Wright (with the minimum of amplification) closed the first half of this intelligently arranged concert with five melodic standards (including "Nuages") in which their fleet plectrum work was a complete contrast to the nimble finger style of Bonell and Peña.

After the interval the latter played two Manuel De Falla compositions in duo before the Isaacs/Wright group, Velvet, completed by bassist Len Skeat and cornettist Digby Fairweather, came together for what was, for the jazz listener, the most pleasurable and involving music of the concert. This neat, smooth-sounding group raised the temperature with some finely shaded jazz imbued with subtle dynamics. There is an obvious deep musical rapport between all four musicians who continually indulge in clever interplay and contrapuntal work. Fairweather, using his several mutes cleverly and wittily, swapping phrases with Wright, generally gave a breezy lift to the proceedings which had been on a sombre low-key level all evening.

Almost inevitably the grand finale was a four-guitar session in which the jazz representatives seemed content to let Bonell and Peña take the initiative. Maybe Wright and Isaacs believed that despite the promoter's good intentions there really was not much point in proving the futility of trying to fuse three separate guitar styles. I must report, though, that the large audience seemed ecstatically pleased with the evening's music.

Cleo Laine

Palladium

Cleo Laine

Cleo Laine is the best jazz singer that we have got so it is very perverse of the lady to beam her talent so complacently at the middle ground. At the Palladium on Monday night, where she opened in what has become an annual week of performances, it was hard to tell the unaffected London girl from an American superstar as she oozed her way through 90 minutes of audience massage. There was the full blown orchestra in support: the well timed routines: the pretty compliments: and the extended ovation. But there was little or no jazz.

She deserves the recent honours — the appearances before the Queen and the television spectaculars, the American success and the gold albums—but there were times on stage when she seemed to be spreading her talent rather thinly. With such a magnificent voice, and a deep feel for jazz, she should have let rip with more of the great jazz standards, especially as husband John Dankworth was in fine breath on saxophone and clarinet. Instead it was all bits and pieces.

There were the Dankworth musical settings to poems, an interesting stretch from Shakespeare to Auden but a novelty rather than a musical treat. There was a run-through of show tunes from a forthcoming album, the type of material which is better suited to the pubs on Saturday nights than the Palladium. And there was a medley of old successes which revealed tantalisingly how good Cleo Laine really can be. Most upsetting were the new songs, which seemed to bring home the fact that the best of contemporary music is in rock: middle-of-the-road material, quite devoid of passion, can hardly fail to be pure syrup of figs.

ANTONY THORNCROFT

Soho Poly

Keep it in the family

Colin Spencer once wrote a play about a male homosexual marriage in which one of the partners gave birth to a child. In his new lunchtime piece, 15-year-old Janet is nearly three months gone, but a visiting social worker cannot uncover the father's identity. The fact is that Janet has three lovers — her father, mother and twin brother. The dominant theme of what is in fact an extremely lightweight concoction is the collision of relaxed, incestuous amorality with the pernickity attempts of the officer to establish moral and legal objections.

None of this is particularly shocking, as the family trio come across as not only unlikely but also as irredeemably wet. If such a family were to exist, I doubt very much if their expressions of free love, tactile liberation and excessive tolerance would convince anyone of their case. So Mr. Spencer is dealing in sheer fantasy in order to state a case for free thought in sexual matters. That is all very well, but the actual stage action is throughout naturalistic, with the prim Mrs. Tasker locked at one point in a bedroom while bursting to visit the lavatory.

The pay-off arrives with Mrs. Tasker breaking down over a glass or two of pumpkin wine to reveal the sadness of her own marriage, devoid of tenderness and uninhibited sex. Doreen Mantle is excellent in the role, particularly funny when attempting to arrange herself on a pile of floppy cushions while raising bureaucratic questions. Helen Weir and Job Stewart are the stupidly open-minded parents, and Tilly Vosbrugh the unfortunate teenager. Mr. Spencer directs.

MICHAEL COVENEY

New York Theatre

Broadway cranks up slowly

by FRANK LIPSIUS

The end of the newspaper strike in New York raised the expectation that the Broadway season would finally move full steam ahead. But November's schedule of only two openings indicates that the machinery has run down and needs some time to get working again. Most of the productions that had defied the strike and gone ahead despite the lack of reviews have been musicals, a fact that reflects a possible new development in the legitimate theatre.

Several years ago, in the period of Broadway's doldrums, new audiences, especially among the black middle-classes, were attracted to the theatre through television commercials. The bad Press given *The Wiz* was overcome by such advertising, and the subsequent run of the show, which is still on Broadway and now benefiting from the advertising for the film made from the show, marked a new outlet for producers and brought new audiences to Broadway. Now many more shows are being advertised on television. Without the papers, it is hard to tell whether the advertising would make such audiences immune to bad reviews. That test has yet to be made. The most that can be said for the time being is that producers are weaning themselves away from full dependence on reviews and the audiences derived from those reviews.

The commercials play up the young, plainly dressed, enthusiastic people who do not appear to be the traditional Broadway audiences. If such advertising continues to be used, the theatre will probably benefit from the extra source of revenue without losing the original audiences who follow the reviews. I am sure the local critics can feel only relief at being taken off the hook for the sole responsibility for the success or failure of a play.

While it gives something of a distorting picture of Broadway as it is now to have only straight plays to review, most of these opened off-Broadway. One that didn't, *First Monday in October*, has a cast headed by Henry Fonda and Jane Alexander. A drama that revolves around the first woman appointed to the Supreme Court, it was appropriately written by Jerome Lawrence and Robert E. Lee, a collaborating team that specialises in commemorating events in American history, like the Scopes monkey trial in their *Inherit the Wind* and *The Night Thoreau Spent in Jail*.

Henry Fonda's role is modelled after William O. Douglas, an outspoken, ultra-liberal mountain-climbing former justice who, like the part, would not have objected so much to the appearance of a woman on the bench as a conservative woman, the role of Miss Alexander. In the urbane and biting dialogue, the justice and, as he calls her, the "justess," gradually build a grudging respect and finally gruffly-expressed affection for each other.

Henry Fonda in "First Monday in October"

The playwrights have done their homework, splicing the play with real constitutional issues on which to divide the justices' opinions. Justice Snow (Fonda) is full of admonition and advice, not needing to join his colleagues in the screening of a pornographic film to know he supports an exhibitor's right to show it. He borrows a perpetual motion machine from the Smithsonian Institution to demonstrate the need to protect inventors from multi-national corporations' voracious willingness to buy up inventions without ever intending to use them.

Larry Gates as the chief justice heads an impressive supporting cast and there is a solid set with book-filled and leather-appointed judges' chambers. Without Henry Fonda in the cast, the play would probably not have attracted the attention it has, an unfortunate change from the time when such serious and witty works were the bulwark of the Broadway stage, relying more on clever dialogue and plot than famous names for their success.

Defying the strike, to its peril, was *Players*, an Australian football drama by David Williamson, directed by Michael Blakemore. Distinguished by the excellent performance of Fred Gynn as a former football great now politicking in the club boardroom, the play itself drew too heavily on the deep loyalties enlisted by a sport that has yet to become widely popular in America. In addition, an Australian club does not serve anyone's profit motive, a form of organisation alien to American professional sports, and thus much of the plot turned on emotions and ambitions different from their American counterpart.

Within its own context, the play exploited obvious antipathies, the loyal fan turned club president against the old athletes and their contempt for non-players. Pointed dialogue only emphasised the obvious. If it were a play that had little chance of success, Fred Gynn's thin veneer of diplomacy covering a gut-kicking interior might have drawn more of a crowd, under better circumstances.

Are You Now or Have You Ever Been, which has already appeared in London, revives the period of the Congressional witch-hunts in the early 1950s. Brought to New York by the Rutgers Theatre Company, Eric Bentley's play uses only actual testimony to show how some of Hollywood's best known people betrayed friends to co-operate with the House Unamerican Activities Committee. The production is distinguished by outstanding performances by the company and sets by Joseph F. Miklojcik, Jnr., using plaster casts of film crews to focus attention on the witnesses' discomfiture.

The first testimony by Larry Parks, played by W. T. Martin, reveals the anguish of a man forced to give up the names of friends as well as confess his own guilt by association. Thereafter, the witnesses, including Sterling Hayden (played by Raymond Baker), Jerome Robbins (Kevin Motley) and Lionel Stander (Tom Brennan), parade their co-operation in a way that ignores any extenuating circumstances. Like a witch hunt turned on its head, the play serves only to embarrass those who co-operated, a purpose that follows the end-justifies-the-means philosophy of the committee itself.

Sam Shepard's latest play, *Buried Child*, opened at an off-off Broadway venue, Theatre for the New City, in a production directed by Robert Woodruff and starring the well-known actor, Richard Hamilton. Shepard's desiccated American dream here takes the form of a bizarre Illinois family, brought to ruin mysteriously by an old crime of killing a new-born child. The audience witnesses the effects of this deed in the form of adult sons who stay at home, bothering the peace of the inebriated father (Hamilton) and the philandering mother. One son has a false leg, which hangs over the sofa during part of the play; another picks vegetables in the back yards and insists on husking the corn in the living room. Another generation is represented by a grandson, now grown with a comely girlfriend, who arrives and remains unrecognised by the rest of the family.

Shepard's vision changes little, though he takes different forms of distortion to exemplify a curious amalgam of American working classes undermined by some cerebral divine justice. The grandfather in this play attracts all the attention in his monosyllabic way, with each of the other characters brought forth with some malfunction to get a reaction going. David Gropman's set is marvellously malleable in using lights to change mood and Woodruff puts the cast through its paces without allowing the audience to wonder what really is going on.

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Five per cent ghosts

IT NOW SEEMS likely that in the next day or two the Ford workers will accept a management offer worth about 17 per cent, including a small productivity element, and that British Oxygen will settle for a *little under 10 per cent in* straight new money. These are certainly inflationary settlements (though it is interesting to note that the Ford offer does not yet seem to be a norm for other bargainers), and illustrate what has been lost with the breakdown of pay restraint, which is regrettable. If these examples are widely followed, prices and unemployment will be higher than they need have been.

Credibility

It is one thing to regret a situation, however, and quite another to try to pretend that it does not exist. All the available information suggests that the Government, determined to defend what it sees as its credibility far beyond the last ditch, is planning to make some sort of example of Ford (though there is a significant silence about British Oxygen). Sanctions are to be deployed, as if Ford and its shop stewards had *breached some national policy* backed by Parliament and by the official unions. In fact, of course, nothing is left of the policy but a Government aspiration: but even if it is dead, it seems that its ghost can still rattle its chains.

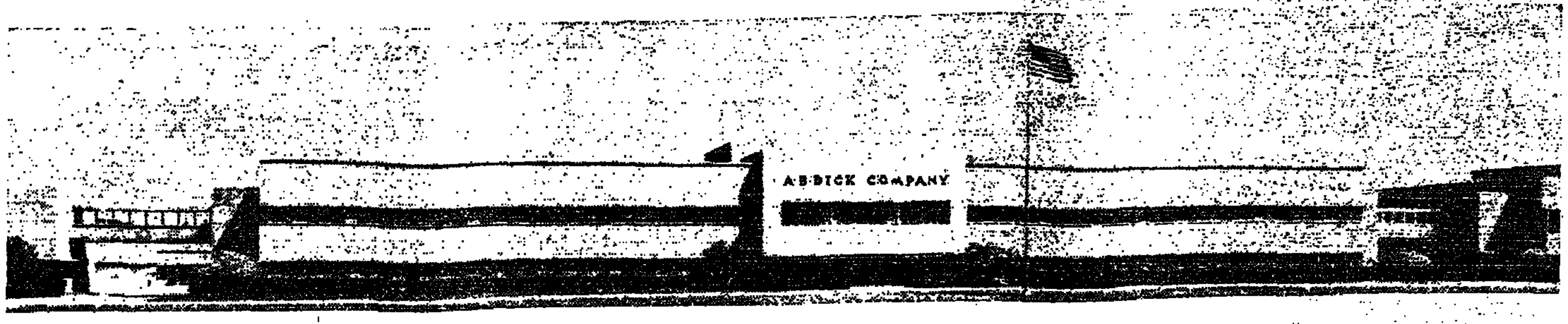
This is as sad as it is objectionable, because it means that the Government, which in fact has a credible anti-inflation policy in its management of the money supply and the exchange rate, is again threatening to *divert attention from the realities* that ought to restrain rational bargainers by mounting an absurd sideshow. The 5 per cent policy itself became such a sideshow when it was totally rejected by the TUC: there are arguments for and against the kind of voluntary restraint which ruled until this year, but a unilateral bargain is simply a fiction.

Mr. Reg Birch of the engineers has argued that the whole Ford strike, which has cost two months' output from our most successful motor manufacturer, is simply due to the 5 per cent fiction, under which management felt bound to make an "insulting" opening offer, and even the shop stewards lost control. It is arguable that the settlement is higher than it would have been if it had been negotiated rationally.

Be that as it may, the damage is done. How are sanctions supposed to reverse it? Even Ministers admit privately that they are likely to do little harm to Ford, which had a large backlog of orders even before the strike: they are simply intended, like shooting an admiral, to encourage the others. Are Ford's prices to be frozen—thus increasing its share of private *home demand?* Are orders to be diverted to other manufacturers, regardless of price? Sanctions must mean more than the normal rule of buying from the cheapest supplier. This will simply reduce the fears that might restrain settlements in less profitable rivals. Or perhaps both contradictory policies are to be adopted at once. The only likely result is as improbable as the policy itself: to unite the warring employers and unions in an irrelevent struggle against *the Government.*

Consequences

The Government is in fact battling to maintain a damaging illusion—that in the absence of agreement, it still controls events in the private sector. But the real argument against excessive settlements is not the Government's power, but its lack of power: the fact that it cannot save people from the consequences of their own folly. That is the message of its monetary policy, and of a strong exchange rate, which represent the only real choice a Government has. It can stick to a non-inflationary stance, in which case the effects of inflationary settlements fall mainly on those who make them, in terms of lost markets and jobs: or it can give in to inflation, and let the weak suffer. The Government has made the right choice, but cannot explain the logic of it as long as it maintains a sham battle of wills over a dead policy.



Why GEC went after an old American family company

BY MAX WILKINSON

SCIENTISTS in one of the General Electric Company's laboratories came up with a brilliant new idea for an all-electric teleprinter.

The *new machine* in which sophisticated electronics replaced clattering mechanical parts, was "years ahead of its time," says Sir Robert Telford, managing director of GEC-Marconi. That was ten years ago. The machine was a failure.

In spite of lengthy tests, GEC could not make the prototype reliable enough to allow them to launch it on the open market. So it was left to competitors like Siemens of West Germany and ITT to introduce *electronics into one of the* oldest and most traditional of communications devices.

The moral of this failure, says Sir Robert, is that GEC was unable to match its electronics expertise with the design and engineering skills needed for the mechanical parts of the machine.

The company is hoping to fill this gap in its capability by buying one of the larger U.S. companies in the traditional office equipment industry, A. B. Dick.

On Monday GEC announced that it had made a £52m agreed bid for A. B. Dick, which has sales of £180m a year, most of it in the duplicator, offset litho and reprographics business.

GEC is hoping that a marriage *can be arranged between the* more traditional electro-mechanical manufacturing and development skills of A. B. Dick and its own technology in younger communications and computers.

For its part, A. B. Dick needs an infusion of electronic know-how and of cash if it is to compete in the fast growing electronic part of the office equipment market. In a few years' time almost every machine, from the typewriter upwards *will include some form of computing* power making it capable of forming part of complicated communicating systems.

One of the most important of the growing markets, for example, is for electronic typewriters with an internal memory. These "word processors" can be linked together by a company's internal telephone system or communicate across the public telephone network. A document typed on one such machine can be transmitted in a few minutes to any matching machine by telephone wire. Electronic mail of this sort is much more rapid and *often cheaper than the ordinary* postal service. However the possibilities are very little understood in the UK and are only beginning to be exploited in the U.S.

It is a market in which GEC has been increasingly interested ever since its abortive attempt to develop an electronic printer. However, in spite of considerable research, it has lacked the manufacturing ability or the marketing network to enter the office equipment arena. Mean*while A. B. Dick has also seen* the need to diversify into the newer product ranges. It markets Japanese and German-made copying equipment, and four years ago it launched its own word processing machine, the Magna 1, followed this year by Magna 2, a newer version with communications capabilities.

Impressive rate

Large multinational companies are converging upon the office equipment sector from many different directions. International Business Machines and Xerox are already engaged in a titanic struggle for revenues. Xerox's recent acquisition of two printing unit companies, Diabolo and Varsatec, and its development of word processing systems, shows the company's determination to broaden its product away from copiers. In *Europe Philips, ITT and Olivetti* have all been announcing office products at an impressive rate. Telecommunications companies like Siemens of Germany and now GEC are moving towards office equipment, while instrument and semiconductor companies as diverse as Hewlett Packard, National Semiconductor and Texas Instruments are all poised for expansion into the office market.

Even the huge American Telephone and Telegraph is now planning to join the fray if it can overcome federal restrictions which permit ATT from moving outside its present telephone *business. More than 40 com*panies have developed word processing equipment, in the hope of profiting from the expected revolution in office systems. It is already clear that only the strongest are able to carry the heavy burden of research and development under the fierce cross fire of competition on price and performance.

In these circumstances it is scarcely surprising that a third generation family owned company like A. B. Dick should seek cover *behind GEC's impressive* cash reserves.

Before planning a new advance into electronic systems, however, GEC's first task will be to secure A. B. Dick's flank by making it more profitable in its *traditional* duplicator and offset business. Its current profit margin is only 4 per cent compared with 11 per cent achieved by its UK rival, Gestetner.

The scope for tougher management and strict financial control—GEC's strong points—is shown by the recent record of A. B. Dick's nearest U.S. competitor, Addressograph-Multigraph (AM).

Like A. B. Dick, AM found itself caught at the beginning of the electronic age with a *range of excellent duplicating* and printing machines based on ageing technology.

In spite of attempts to diversify by 1975 and 1976 it was making very low returns of between 2 per cent and 3 per cent on sales. And by 1977 it had moved into a loss. At the same time it acquired a new chairman, and chief executive, in Mr. Roy Ash who came from Litton Industries via a post in the Nixon administration.

A. B. Dick has meanwhile scored an impressive development *coup* with its ink jet printing system. This allows characters to be formed on a page by a jet of ink whose direction is controlled by a miniature computer.

This entirely new printing system has been adopted under licence by IBM as the basis for its high speed ink jet printer, *while A. B. Dick has produced* an ink jet machine for industrial use in the high-speed labelling of goods.

Although the ink jet breakthrough indicates a lively research capability at A. B. Dick, it also shows, what GEC found with its earlier printer, that research is not enough. Expensive development is needed to bring new ideas to market — and IBM's exploitation of A. B. Dick's invention illustrates the point.

A. B. Dick's ability to respond to the extremely fast pace of technological change has been limited in the last few years, not only by the need for ready cash but also by uncertainty over its management.

The company's president, Mr. Karl Van Tassel, now 75, was brought back out of retirement 18 months ago when Mr. John Stetson abruptly left the job to become President Carter's Secretary of the Army. Mr. Albert B. Dick III, the chairman, has been *looking for a suit*able chief executive without success since Mr. Stetson's departure.

The possibility of selling out appears to have been considered only recently when the company was approached by a large U.S. company.

Sir Robert Telford, who heard about the approach, quickly put in a counter offer on behalf of GEC. Sir Robert says that family pride was an important factor, because Mr. Dick was anxious to sell only to a bidder which would develop the company along the lines he wished.

GEC-Marconi, with its extremely successful record in advanced defence electronics, undoubtedly has the technical self-confidence to enter a new and competitive business in the U.S. GEC's computers have been developing from industrial control and telecommunications functions, so that now they have at least the potential to become business systems.

However, there can be no certainty *that* GEC's *technology* and A. B. Dick's marketing base *will automatically fuse into a* successful compound.

Marketing instinct

The marketing flair shown by IBM and its leading competitors in the electronic office equipment market is something which the GEC-Dick combination will need to develop for itself. The elusive balance between marketing instinct and inventiveness *required in the office industry* is certainly different from the ingredients of success in defence electronics.

For GEC as a whole the acquisition of A. B. Dick would be more a beginning than an *end to its ambitions of expand*ing into the U.S.

The strategic decision to buy U.S. companies was taken several years ago. The main reason behind it was that the U.S. market for electrical and electronic equipment is much the largest in the world, whereas the UK market has shrunk progressively. Since more and more products are sold on a worldwide basis, it has become increasingly necessary for electrical companies to have at least a foothold in the U.S. Siemens of West Germany has taken the same view as GEC and has expanded its presence in the U.S. impressively in the last few years with acquisitions of shares in several high technology electronics companies as well as a joint venture with Allis Chalmers in heavy electrical equipment.

So why does GEC propose to buy a company whose expertise is in generally low technology products? Sir Robert Telford's answer is that buying U.S. companies cannot be neatly planned: "You have to take the opportunities which happen to become available. We wanted to get into the office equipment business, and A. B. Dick was one of the companies on our list. A lot depends on the coincidence of what you want coming up for sale when you want it. One cannot easily plan acquisitions."

GEC will therefore continue *its search for suitable companies* in the U.S. An obvious possibility would be a mini-computer company which it might be able to put together with A. B. Dick to promote the development of complete office systems.

Addressograph-Multigraph is taking this route with an offer to buy Microdata, a California mini - computer company currently valued at $47m.

GEC's success in finding the right companies to buy will continue to depend on the efforts of Mr. Geoffrey Cross who was hired a year ago when he left International Computers Limited (ICL) to return to Cali*fornia.*

Sir Arnold Weinstock's great achievement as managing director since 1970 was the rationalisation of GEC, AEI and English Electric plants into a series of profitable divisions. But he has been criticised for an apparent failure to develop new avenues of growth at a time when cash surpluses have been mounting up.

Since August, however, the company announced two substantial new developments, a joint semi-conductor venture with the U.S. company Fairchild and now the offer for A. B. Dick.

Mr. Cross will certainly continue his activities and it can be assumed that there are other possible acquisitions already in the pipeline. GEC sees the purchase of A. B. Dick as the first major piece in a jigsaw whose full pattern will not emerge until a year or more's time.

PROFILE OF A. B. DICK

A. B. DICK markets a wide range of duplicating, copying and printing equipment and ancillary services. Around three-fifths of its sales by volume is derived from products of its own manufacture and the rest is manufactured to specification. Just over half its sales consists of supplies and services marketed in support of its machinery and rather more than a quarter of its sales comes from international markets.

The group has an erratic profits record, with net earnings reaching a peak of $1.78 per share in 1973 and subsequently falling away to $0.57 in *1976*. Earnings recovered to $1.17 per share in 1977—of which around a fifth represented a final royalty payment from IBM in the field of ink-jet printing.

Sales of duplicating and printing equipment, which represent about a third of Dick's total turnover of about $350m, have been rising rapidly in the recent past, with word-processing equipment having a significant impact. Progress has been much slower in copying equipment—an eighth of group sales—especially in the area of electrofax units as opposed to plain paper copiers. Dick has had *to* cope with keen price competition in recent years.

In contrast with other recent takeovers in the U.S. GEC is offering quite a small premium over Dick's net worth of around $91m and although the price *of $16½ a share is more than double the* recent market price, Dick's shares have traded as high as $12¼ within the past 12 months. With profits currently running at around $12½m pre-tax, Dick should certainly cover the financing costs of a bid which is worth around $100m.

Missing out in China

THERE COULD be only one justification for the British Government refusing to sell Harrier aircraft to China, and that is that such a sale would upset the balance of power between China and the Soviet Union. If the Government seriously believed that China does not need the weapons and that their transfer would increase Sino-Soviet tensions — possibly to the point of confrontation — there would be good grounds for holding back.

Peculiar

There is no reason to believe, however, that the Government has any such scruples, and indeed the balance of power arguments lie the other way. The Soviet Union is militarily strong and getting stronger. It is therefore reasonable that the Chinese should seek to improve their own defences, even if there can rarely be any clear distinction between what is a *defensive and what is an offen*sive weapon. It would also be helpful, since the negotiations have advanced so far, to allow the deal to go ahead as quickly as possible.

In the House of Commons yesterday the Government gave several explanations for the delay, all of them in different ways unsatisfactory. Mr. Fred Mulley, the Defence Secretary, said that it was only during the visit of Mr. Wang Chen, the deputy premier, to London last week that the full details of the Chinese request became known. That statement can be true only in the most literal sense. The Chinese interest in the Harrier has been well-known for months if not years, and it has not been discouraged by the British. The Government is naive to pretend otherwise. Secondly, Mr. Mulley said that such a sale would require the approval of the NATO allies. Since the U.S. Administration has already gone on record as no longer opposing this kind of sale to China and other members of the Alliance take a similar view, it is hard to know what he is talking about.

It was left to Mr. James Callaghan, the Prime Minister, to give some hint of what is really happening. It appears that the Government is broadly in favour of the deal, but is insisting that the Chinese must buy all sorts of other British goods as well, most of which have nothing to do with defence. That is a peculiar way to conduct a negotiation. First of all, there is no guarantee that it will work. The Chinese are under no obligation to buy (say) British mining technology, and indeed have every incentive to shop around for the best that they can find. Again, if the British want to create Chinese good will, the best way of doing that would be to allow the Harrier sale to go ahead. There is a danger in the *present approach that the Gov*ernment will end up selling neither the Harrier nor securing the other contracts which it is seeking. True, the Harrier is a unique aircraft which the Chinese have wanted for some time, but there must still be limits to Chinese patience.

Perception

There are other objections. It is beginning to look as if the sale is being delayed out of deference to the Soviet Union. Mr. Callaghan *implicitly denied* that in the House of Commons yesterday, but it is the perception that matters. Moscow and its allies have mounted a strong campaign against the sale and, if it now breaks down, it *will look as if they have exer*cised a veto over western actions—just as it appeared earlier this year when President Carter chose not to go ahead with the neutron bomb. Equally, if the sale does eventually take *place. Moscow's wrath will pre*sumably be even greater. That is another reason for speed.

Finally, if the deal does fail, the Government is not above trying to fall back on arguments about arms control. That alibi *should be scotched at once.* The Government has shown no interest in the arms control factor, any more than it did in its arms transfers to Iran. It is seeking a commercial deal, and it is running the risk of making a mess of it.

MEN AND MATTERS

Another church militant

The People's Temple is by no means the only West Coast cult imposing the tightest of disciplines on its members. Until the weekend deaths in Guyana more U.S. attention was being focused on another organisation in the San Francisco area, the Synanon Foundation.

Founded by a former alcoholic called Chuck Dederich, Synanon has been in and out of the news for 20 years.

Dederich was praised by Liberals for preaching non-violence and the virtues of communal living: Conservatives approved because he extolled self help and declined federal aid. And like other cult leaders, not least the "Reverend" Jim *Jones, he was a magnetic per*sonality, lionised by celebrities, and adored by a solid band of faithful—in Synanon's case about 1,000 strong.

But Synanon, it seems, has been developing into a very different creature. A growing number of Press reports tell of a paramilitary organisation, resentful, sometimes violently so, of critics and outsiders.

Synanon has gone in for such exotic practices as mass vasectomies, group marriage and remarriage. It has also had increasing recourse to out-and-out violence, in particular towards its critics. Two months ago a Los Angeles lawyer who had won a lawsuit against Synanon accusing it of false imprisonment, *kidnapping and brainwashing* reached into his mail box and was bitten by a rattlesnake. The snake's warning rattle had been carefully removed. Two Synanon members have been charged with attempted murder.

Journalists who have written unfavourably about the Foundation have been hounded, as have Synanon defectors who have provided the Press with material. Synanon members, invariably, shaven-headed, have turned up at the annual meetings of major television networks. Their not-so-veiled threats have led at least one network chief to hire a bodyguard.

Dederich himself does not proselytise any more and has withdrawn from the circle of celebrities where he used to move so easily. But there is a quote from an earlier time which may offer a clue to the overall change: "I've done exactly like the rest of the guys that run the world. I could run a state, a country, a city. It doesn't make any difference. I'm one of those guys. I have that magic. I know it."

Lord Acton had a dictum *about power which covered* that sort of belief.

"Who said you couldn't have both guns and butter?"

Briefing time

Candidates for the European Parliament be warned! R. L. Doble, the former chief executive of Greenwich, has some experiences which could be repeated. The European Parliament Report recounts that after he was appointed as UK local government representative to the Economic and Social Committee, he began to receive a stack of mail from Brussels. The *documents were for his first* meeting there. When he weighed them he found they totalled the same as his plane baggage allowance.

Cardin everything

Riding high on the invitation he has received to advise the Government of China on *couture* —now that women are once again allowed to wear skirts—*Pierre Cardin was in fine fettle* yesterday as he launched the somewhat unexciting furniture he has designed for the British market. "I think my name is quite popular here," he murmured confidently to the mesmerised crowd.

The name certainly retains its cachet. Cardin's designers now work on just about everything from ties to bicycles, and last month added a jet-liner to the list.

Cardin furniture for Britain has been a coup for S. Englender and Sons, which is to make it. In a few years it has grown to be one of the largest upholstery manufacturers in the U.K. Michael Englender, one of the Sons, is confident that Britain is quite wealthy enough to lap up Cardin "group's of furniture"—"we don't talk in terms of three-piece suites"—at an average of £1,100 to £1,500 a time.

Having just looked through a mountain of neckwear all bearing the Cardin label I wondered how much designing Cardin himself found time to do. "It's a very close co-operation with the Cardin people," smiled Englender.

Hovering in the background was the Stonehouse family enterprise, Barbara Stonehouse PR Services, a "cost-effective" choice, says Englender—"Notoriety helps anyone."

Shower alert

Always on the look out for information, the CIA has just come up with a remarkable scoop in the Mauritanian capital of Nouakchott. Diplomats there tell me that the local agency station has been paying money to some unlikely informants, *including out-of-work teenagers.*

Recently one of its trusted sources came up with the information that the American, West German and Spanish embassies were to be attacked by the PLO. After thoroughly grilling his informant, the CIA chief told his ambassador who passed it on to Washington. Separately from whatever discreet exchanges went on in Nouakchott, Washington told Madrid and Bonn.

The Americans took no chances and on the Saturday in question evacuated the embassy on the pretext of an electricity cut. They waited at a safe distance and after about an hour saw eight young Mauritanians approaching the embassy with bulky packets under their arms. These were let in by the doorman. The Americans' alarm grew. Was the doorman in the plot too?

An hour passed and no explosion occurred. Then the door opened again and the *young men, smiling and* relaxed walked off. They turned out to be local employees having their weekly shower on the embassy premises.

Yule cool

Answering her front door last night, a reader was confronted by two small boys asking her to name her two favourite carols.

"Bit early for carols, isn't it?"

"We're not going to sing now, lady. We're doing market research."

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FINANCIAL TIMES SURVEY

Wednesday November 22 1978

Singapore

Despite many problems, the tiny island Republic has achieved an economic miracle under the Government of Prime Minister Lee Kuan Yew. But there are fears that Singapore's very prosperity may have begun to fray the edges of Mr. Lee's 'rugged society.'

SINGAPORE'S HISTORY since it emerged from British colonial rule at the start of the 1960s has been a series of successful responses to what seemed, at the time, like insuperable threats to its existence (or at least its survival as a stable and viable community).

The process began with the problems of explosive population growth and high unemployment at the opening of the last decade, continued with the political ups-and-downs of the mid-1960s (as Singapore first joined and then withdrew from the Federation of Malaysia), and took a new twist in 1968 when Britain threatened to deprive the island of a major source of livelihod by closing down its military bases.

It is a matter of record that Singapore came through each of these challenges, not only with flying colours, but in a stronger position than before. The problems of high unemployment and population growth, which bedevilled the island 20 years ago, have been solved to the extent that Singapore now has a labour shortage and one of the lowest population growth rates in Asia.

Withdrawal from Malaysia turned out to be a blessing in disguise in the sense that it opened the way for Singapore to embark on the foreign investment-oriented economic development strategies which have been the key to its subsequent success.

Even the British military withdrawal turned out to bring benefits since it released to the Singapore Government valuable installations which could be rapidly turned over to private industry.

After surviving and prospering in the 1960s, despite localised threats to its existence, Singapore has flourished in the seventies despite unfavourable global economic conditions. The 1973 oil crisis inflicted a year of slow growth and high inflation on the island Republic (in 1974-5), but adjustments were made speedily and successfully.

Growth from the mid-1970s onwards has been slower than the hectic 10-12 per cent real annual growth rates maintained by Singapore in the 1960s, but has been well within the Government target of 6 to 8 per cent per year.

Singapore's economic problem for the remainder of the 1970s and for beginning of the next decade is not to "recover from the oil crisis" (as some other Asian industrial economies have yet to do) nor to solve the puzzle of how to combine high growth rates with low inflation or with balance of payments stability. Inflation, despite a substantial surge in 1978, caused by higher rice prices, has been slower in Singapore than in most OECD countries since 1975, while the balance of payments, thanks to a continued inflow of foreign investment, remains comfortably in surplus.

The problems are, rather, to deal with the consequences of success. One of the most specific of such consequences, which surfaced last year in what for a short period was an acutely *worrying form, has been to con*vince the rest of the world that Singapore is still a developing, not a developed country.

The IMF attempted to reclassify Singapore as a developed nation, thereby risking the loss of preferential status for the Republic's manufactured goods exports to developed nations, but was dissuaded after Singapore argued that a major part of its GNP was being earned, and spent, by expatriates.

Another worry which faces the Singapore Government to-

Problems of success

By Charles Smith, Far East Editor

day is how to maintain the "will to work" of the Singaporean *labour force in an environment* which combines increasing affluence and a growing labour shortage. A final, and by no means exclusively Singaporean problem, is how to deal with the *growing protectionist movement* in world trade which threatens Singapore's exports to America and Europe.

Although these various challenges seem diverse enough the solutions to them overlap to a considerable extent—or so the Singapore Government appears to believe. Singapore's priorities for the next few years *focus on three clearly defined* targets of which the first is strictly economic, while the second combines economics and foreign relations, and the third is almost wholly political.

The major economic preoccupation today—and for some time to come—will be how to upgrade the quality and value-added content of Singaporean industry by attracting to the island more investment in sophisticated areas such as aircraft components or pharmaceuticals, while gradually phasing out some of the simpler industries that are both labour-*intensive and liable to face* import barriers in some of Singapore's major markets.

The campaign to upgrade the technical level of Singapore's industry has already begun to pay off and should make further progress so long as the Republic maintains its "open door" policy to investment by multinational corporations (which may own 100 per cent of the equity of their ventures on the island and repatriate all of their profits.)

Moving up market, however, is not the only strategy that *the Government seems to have* adopted in the face of labour shortages and overseas protectionism: A second important element in Government policy is to stress Singapore's ties with its neighbours in the five-country Association of South East Asian Nations (ASEAN).

Singapore originated in the early 19th century as a communications and commercial centre for the European colonies of South-East Asia. It aspired to the role of a "global city" in the 1960s, when the search for markets in developed Western countries and for *foreign* investment got under way, but is returning in its most recent phase to a renewed interest in regionalism.

The larger but less-developed countries which are Singapore's partners *in ASEAN offer a* market for specialised goods and services produced within the 226 sq miles of the island of Singapore (a case in point is the oil exploration servicing centre established in the Jurong Industrial Estate).

They also offer a labour reservoir which can, and probably will, increasingly supplement Singapore's tightly stretched work force. Singapore has been importing Malaysian guest workers for some years to perform jobs which Singapore citizens are now too highly paid (or too fussy) to undertake themselves. *This arrangement is now to be* supplemented by the introduction of guest workers from Thailand on long-term visas of up to one year.

Because it needs both the markets of ASEAN and a supply of ASEAN workers in order to maintain its economic development, Singapore has emerged in the past year or two as the most active supporter of economic integration among the five member countries.

Active proselytisation by Singapore for more regional integration has been replaced by a more patient approach since the Kuala Lumpur summit of ASEAN heads of state, held in August, 1977.

However, the Republic continues to be one of the moving forces in this area as well as one of the more cautious of the ASEAN governments in dealing with governments on the fringe of the region.

Singapore has yet to establish diplomatic relations with the People's Republic of China ostensibly, and perhaps genuinely, because it does not wish to give its neighbours reason to worry about the emergence *of a special relationship with* Peking based on the predominance of its own Chinese community. It has also reacted even less positively than most of its neighbours to recent political overtures from Vietnam.

Singapore welcomes the prospects of increasing its trade with Vietnam (and with Cambodia, if the Cambodians can pay for goods they seem willing to buy) but has come down strongly against Vietnamese proposals for the signature of bilateral treaties with ASEAN members. Its position on this matter appears to be more *clearly defined* than that of Malaysia (which has been wooed by Hanoi with proposals for a modified version of Malaysia's own plan for the establishment of a Zone of Peace Freedom and Neutrality (ZOPFAN) in South-East Asia.

The final item on Singapore's list of priorities is a domestic one—that of producing a specifically Singaporean culture which combines fluency in English (needed to maintain the Republic's position as an international business centre) with indigenous Chinese (and Malay and Indian) values.

The need to produce an integrated Singaporean society stems from the fact that Singapore's 2.3m people are very far from being integrated at present. The republic is, in effect, a polyglot community (with the Chinese element represented by, not one, but four or five different languages *or dialects*) in which unity is imposed by the need to make a living and by a firm Government.

Prime Minister Lee Kuan Yew, who has headed the *Government since 1959* and who may well be around for another five to ten years, has opted for a language policy which is designed over a period of years to produce a generation of Singaporeans who will be reasonably fluent in both English and one of the Republic's other three official languages.

The hope is that, when Singapore emerges as a cohesive though still multi-racial community in, say, the mid-1980s, it will not have lost the immigrant mentality that enabled the present generation of Singaporeans to lay the foundations of a "prosperous modern economy."

This may, however, be hoping too much, given the signs that already exist that prosperity has begun to fray the edges of Mr. Lee's "rugged society."

BASIC STATISTICS	
Area	[illegible] sq. miles
Population	[illegible]
GNP	[illegible]
Trade (1977)	
Imports	[illegible]
Exports	[illegible]
Imports from UK	[illegible]
Exports to UK	[illegible]
Currency	£1=S$[illegible]

Plans for broadening the economy

THE WORLD Bank decision to promote Singapore to the ranks of "developed" nations was a momentous compliment to the economic miracle performed by Premier Lee Kuan Yew's Government.

But the Government received the news with alarm. Faced with the prospect of losing its share of handouts from the IMF gold auction fund, and — more important—of losing the special trading concessions given to developing countries, the Government hastily presented a case for keeping its "developing" status.

The case was detailed and complex, but leaned heavily on the fact that much of Singapore's wealth is generated by—and retained by — the small expatriot population.

The World Bank can be forgiven, however, for thinking that Singapore's economy was sturdy enough to fend for itself in the "first division" of industrialised nations. Almost every available economic indicator is set fair.

First, as the Communist regimes in Indochina squabble among themselves, foreign investors recognise that Singapore, and the ASEAN group as a whole, can look forward to a period of political stability.

This is clearly reflected in Singapore's growth rate: gross domestic product increased by 8.1 per cent in the first half of this year, and is expected to stay close to this level through to the year's end. A growth rate of at least 6 per cent is predicted through to 1980, despite fears of slow growth elsewhere in the world.

Inflation in Singapore rose to 5.3 per cent in the first half of 1978, mainly because of a big increase in rice imports. But this inflation rate is better than that for most Western nations, and compares favourably with inflation among Singapore's major competitors. During the same period, Hong Kong recorded 5.8 per cent inflation; in Malaysia it was 4.8 per cent, in Taiwan 7.0 per cent, and in South Korea 10.2 per cent. Furthermore, as rice prices have fallen, so inflation is expected to fall back in Singapore.

This low inflation rate has been possible for two main reasons: first, wage increases have been tightly controlled by the National Wages Council. Second, a purge on profiteering has kept shop prices down.

Singapore is one of the few countries able to claim full employment. Unemployment has fallen steadily, from 10 per cent in 1960, to 3.9 per cent in the first half of this year.

Labour shortages, particularly in the construction industry, have only been averted by allowing more "guest workers" into Singapore. Until this year, this used to be the prerogative of Malaysian workers, but the Government is now allowing Thai workers into the country as it attempts to keep pace with shortage of labour.

Investment (private and public) also soared to S$560m in the first six months of 1978—compared with a total for the whole of 1977 of S$431m. The average monthly investment in 1977 was S$34m; up to the end of September this year, investment had averaged S$79m a month.

While investment levels have been somewhat artificially boosted by Shell's S$330m investment in a refinery on the southern island of Pulau Bukom, this does not account for all of the increase.

Strength

Despite the tremendous economic strength implied by these indicators, Singapore's administrators insisted that their country was still extremely vulnerable. They highlighted Singapore's tiny size, the total absence of natural resources, and the comparatively lowly skills of its workforce. The World Bank accepted their case and Singapore remains—for the time being—among the ranks of the world's developing nations.

Finance Minister Hon Sui Sen noted in a recent interview: "So far as indigenous manufacturing is concerned, Singapore has only mastered the very first steps of industrial development, namely, labour-intensive assembly-type manufacturing.

"Singapore requires and should be given time to make the grade towards an industrialised economy. Some would estimate a period of roughly ten years would be necessary before it can achieve this."

Singapore's economic planners admit to other worries. Slow growth predicted for the major Western economies over the next couple of years is expected to depress Singapore's growth rate. But most predict 6 per cent growth in 1979.

A more serious worry is the rise in protectionism in Europe and the United States—what Lee Kuan Yew calls their collective "loss of nerve." Those most immediately threatened are producers of textiles, electronic calculators, black and white TV sets and plywood.

Textile workers in America have lodged a formal complaint against Singapore's textile exporters, alleging that the pioneer status and export incentives granted by the Singapore Government constitute an unfair advantage and allow these exporters to "dump" on the U.S. market. They want countervailing duties imposed.

Finance Minister Hon Sui Sen complains: "This is really harassment. Even if we prove that the union's complaint is unjustified, we have had a non-tariff barrier imposed on our trade."

If the textile union complaint is upheld by the U.S. Justice Department, then the consequences for the Singapore economy—and many other developing economies which have attracted investment by offering various incentives—could be disastrous.

A further concern for the Singapore Government is that as wage rates rise, so its advantage as a reservoir of cheap labour is eroded. Foreign manufacturers can already employ cheaper labour in South Korea, Taiwan and Hong Kong.

Nor can the acute labour shortage be ignored. In a survey of business confidence published early in November, 39 per cent of respondents said the major factor limiting growth was the shortage of labour.

Singapore's trade balance has also been deteriorating in recent months. In the first half of 1978, imports grew by 15.8 per cent, while export growth fell to 12.5 per cent, compared with 27.6 per cent during the comparable period in 1977.

Trade figures alone have only partial significance in Singapore, however, because of the massive invisible trade surplus based on banking, tourism and service industries. Hon Sui Sen predicts a balance of payments surplus for 1978 of more than S$1bn, compared with S$717m in 1977. This steady surplus, coupled with interest rates that have risen fast during the South East Asian battle for foreign investment means the Singapore dollar is likely to strengthen in the near future.

Singapore's Government plans a number of responses to the various threats to its future economic progress.

To counter the protectionist threat, it is developing new markets and broadening its economic base by attracting investment for capital intensive industry which will enable Singapore to export goods which are less exposed to protectionist pressures.

Trade within ASEAN, which accounts for only 15 per cent of Singapore's total trade, is to be encouraged. The first step has been an agreement to cut tariffs on a growing number of goods traded within ASEAN. Efforts have also been made to boost trade with West Asia. Several contracts, particularly in the construction industry, have been won in recent months.

Japan became the biggest investor in Singapore for the first time this year, and it is predicted that the Japanese will soon overhaul the Americans in terms of cumulative investment. In the first nine months of 1978, Japan invested $130m in Singapore, compared with $110m by the U.S.

Capital

By way of upgrading industry, factories in Singapore are shifting from, for example, the production of cheap radios, to the manufacture of radars and transceivers. Foundries are being built to form the basis of a machine tool industry, and an electric arc furnace, which uses scrap metal, will be used to produce alloy steels for export. Plans are afoot for the manufacture of aircraft parts, medical instruments, industrial electronics, oil field drilling equipment and pharmaceuticals.

By shifting emphasis from labour intensity to capital intensity, Prime Minister Lee Kuan Yew is promoting his work force not for its "brawn services" but for its "brain services." By broadening the country's economic base, he reduces the risk of a decline in any one industry doing serious damage to the economy.

All of these adjustments were embodied in Hon Sui Sen's budget speech in February. To boost corporate activity, he introduced an investmen tax credit scheme, halved corporate tax to 20 per cent for companies selling many overseas, provided incentives to set up trading offices overseas and promised that dividends on offshore profits would attract less tax.

For the working population, the only significant tax cuts came for middle income earners —to ensure that professionals and skilled workers were provided with fresh incentives for effort.

It is hardly surprising then, that the survey of business expectations for the fourth quarter of 1978 showed growing optimism. An average of 40 per cent of the companies questioned predicted growth in output, rising employment, growing order books and a greater demand for overseas deliveries.

The separate sectors illustrates this buoyant mood: manufacturing has grown from 11.4 per cent of the nation's GNP in 1960 to 25.4 per cent in 1977. As one of the fastest growth sectors, it provided 9,000 of the 24,000 new jobs created in 1977. Electronics, electrical machinery, shipbuilding and the repair of components provided the main impetus for growth.

Transport grew faster than any other single sector. During the first half of 1978, its contribution to GDP was 15.7 per cent higher than during the same perio dof 1977. Shipping, air transport and communications were the fastest growth areas.

Tourism also expanded rapidly. A total of 1.5m tourists visited Singapore during 1977, a 14 per cent rise on the previous year. Hotels were in extremely heavy demand, averaging 83 per cent occupancy. The Government is set on attracting conventions and industrial and trade exhibitions to Singapore. All of this tourist activity has given the island's restaurants a bountiful year. Hon Sui Sen's February Budget package also gave offshore banking a boost.

David Dodwell

Mood of political calm

FOLLOWING THE election in 1976 and the crackdown on supposedly pro - Communist critics of the Government that occurred early in 1977, 1978 has been a year in which Singapore's political leaders have been able to sit back and take stock of the directions in which their country is heading.

There have been no publicised detentions of political opponents of the Government during the year and at least one well-known former detainee has been released—the former managing director of the Chinese language newspaper, Nanyang Siang Pau.

He was detained in the early 1970s after his newspaper attacked the Government's language policy.

Apart from a minor controversy in the summer over the Government's plan to require compulsory service in Government hospitals from all newly-graduated doctors the year has passed off smoothly with little indication that Singapore's 2.3m people are in any way dissatisfied with the efficient, but slightly authoritarian, style of government practiced by the People's Action Party (a ruling party which has won all the seats in Parliament in the last three general elections).

Despite the prevailing atmosphere of calm, at least two major issues do appear to be bothering the Government—or at least providing food for thought to Prime Minister Lee Kuan Yew and the small circle of cabinet ministers who are his immediate associates.

The first issue is that of the eventual succession to the present leadership.

The second issue involves language or, to be more specific, what to do about the gulf that has opened up between Singapore's English language-based, free enterprise economy and the Chinese cultural traditions of most of its inhabitants (76 per cent of the Republic's population are ethnic Chinese).

The reason why Singapore's leaders are starting to think hard about their successors is not that they themselves are about to retire. Mr. Lee is an apparently healthy 55, while most of the other members of the inner circle of cabinet ministers are in their early 60s.

Although the present team of leaders has held office without a break for the past 19 years, there is apparently no reason why it should not continue to function effectively (barring accidents) for perhaps another decade.

The mere fact, however, of the present Government's impressive ability to remain in control of events (plus the fact of Mr. Lee's own rather overwhelming authority and prestige) means that there is a danger of a vacuum appearing lower down in the political system. The Government has tried to deal with this by deliberately recruiting a new generation of young politicians into Parliament during the past two general elections. Several members of the 1972 and 1976 intake of young MPs are now occupying junior or middle ranking ministerial posts, although only one (the minister of communications, Mr. Ong Teng Cheong) has so far graduated to the rank of a full minister.

The men who have been chosen as potential leadership "material" fall into an age group ranging from 30s to early 40s (anyone older than that would apparently be too old to take over by the time the present leadership plans to retire). They include a cross section of the four most important ethnic and cultural groups in Singapore—English-educated Chinese, Chinese-educated Chinese, Indians and Malays.

The majority were "inducted" into politics from the bureaucracy, although Mr. Ong is an architect while another new newly recruited MP is a former journalist on a Chinese language newspaper.

There appears to be little doubt about the administrative (and, in some cases, technical) capability of individual members of the group, but doubts have arisen about their political qualifications. One reason for this is that Singapore lacks the political rough and tumble of more normal democratic states and thus is hardly a place in which would-be politicians can prove their talents at the grass roots level.

A second point appears to be that the PAP leadership has deliberately looked for technocrats and administrators rather than rabble-rousers or professional "mobilisers" in its search for new men.

Capabilities

In order to test the political capabilities of its new intake, the PAP leadership has attempted to persuade young MPs to play the role of an opposition in the one-party Parliament, disagreeing with the leadership over proposed new legislation. The 1976 crop of politicians has also been "exposed" to trade unionism through a series of joint sessions with leaders of the National Trade Union Congress. (One member of the group, Mr. Lim Chee Onn, is a senior NTUC official, anyway.)

A final requirement is that new PAP members of Parliament (like their seniors in the party), should involve themselves deeply in grass roots constituency work, holding weekly "meet-the-people" sessions with their constituents.

Off-the-cuff comments by Prime Minister Lee about the new generation of MPs suggest that the Prime Mnister thinks he has identified at least a handful of individuals who will be qualified to take over from the existing leadership.

The Government is being extremely cautious, however, in committing itself to any clear cut order of preference. One sign of official caution is the number of posts which are either held by one individual or by absentee ministers in the present cabinet line-up.

The Minister of Culture is now doubling as Singapore's High Commissioner in Britain, while the Minister of Works is "on leave" as Singapore's Ambassador to Djakarta.

The second major issue in Singapore politics this year involves more sensitivities than the leadership issue and could well take even longer to solve. The problem, briefly, is that Singapore has four "official" languages (English, Chinese Malay and Tamil), but that English is becoming the dominant language of business and industry—and thus the language spoken by most of those who qualify for highly-paid jobs—whereas the school system offers a choice of education in any one of the four languages.

The Government's new policy for language is to attempt to create a bilingual society in which all Singaporeans will be passably fluent in English as well as in another chosen language.

With this in mind, the Prime Minister took the decision, early in the year, to initiate a change-over from Chinese to English as the teaching language at Nanyang University (the second of Singapore's two major universities, not to be confused with the English-language University of Singapore).

At the primary and secondary levels, steps are being taken to increase the emphasis on the study of English and a second language in schools where the main medium of instruction is, or has been, Chinese, Malay or Tamil. This process will be taken to the point where English will eventually become the dominant language of instruction at the secondary level, even of former Chinese language schools.

Conversely, a greater stress will be placed on the teaching of Mandarin (that is, standard Chinese) in the English-language school system.

The Government's language policy makes sense in view of the fact that fewer and fewer children have actually been entering the Chinese language schools in recent years (only 10 per cent of all children joined Chinese primary schools in 1977).

Understood

It also reflects an understandable desire to obtain the best of both worlds. Singapore has arguably succeeded in establishing itself as an industrial and trading centre because English is widely understood—yet it has also benefited from the fact that most of the people derive their values and motivation from a Chinese cultural background that stresses hard work and a serious approach to life.

The Government hopes to preserve both of these characteristics through its new language policies—but runs certain risks in the process. One is that of demanding too much from the average child who will, in future, be expected to attain fluency in two languages (neither of which may be the dialect or language spoken actually by his family).

The second and more explosive issue involves the reaction of Singapore's existing Chinese-educated business elite to the new policies. There is reason to believe that Mr. Lee has succeeded in stirring up strong feelings among at least a minority of older and more influential Singaporeans who believe, rightly or wrongly, that the PAP is out to "undermine" the position of Chinese culture in the republic.

Charles Smith

Key questions on foreign policy

TWELVE MONTHS AGO, Singapore's Government was bewildered and bemused by the overtures coming its way from the Communist powers locked in struggle in Indochina. Nowadays, the Government is bemused, but not so bewildered.

Leaders from Kampuchea (the former Cambodia), Vietnam and China have come acourting, and their messages have given Foreign Minister Sinnathamby Rajaratnam a much clearer idea of what is happening in this strife-torn region.

Earlier this year Kampuchea's leader Pol Pot sent his Foreign Minister Ieng Sary after choosing Singapore as a "pioneer partner." But negotiations came to nought as Pol Pot could only offer barter deals. Anyway, Government representatives view Pol Pot as paranoid and responsible for the murder of thousands of innocent citizens. It appears that the Chinese have been quite unable to restrain him.

Then, just a month ago, came Vietnam's premier Pham Van Dong. He came heavy laden with honourable sentiments about peace, non-interference and mutual prosperity. He also came with a long shopping list, tailored to haul Vietnam out of economic and political isolation. But his tour around the five ASEAN nations (Singapore, Malaysia, Indonesia, Thailand and the Philippines) produced little more than fresh grounds for distrust.

Convinced

Earlier this year, while in Japan, Pham Van Dong spoke of granting recognition to ASEAN, but there was no mention of this during his ASEAN tour. ASEAN leaders also became convinced that Pham Van Dong was intent on dividing the group, because he pleaded the case for bilateral deals wherever he went. All he got, however, was a cautious joint statement. ASEAN leaders fear that the actual and intended action of the Vietnamese bears little relation to their diplomatic rhetoric.

Singapore Government officials are convinced that Vietnam is intent on neutralising Kampuchea, and expect the invasion to start at any time. One thing Pham Van Dong was able to return home with was confidence that ASEAN members would not intervene to help Kampuchea in the event of an invasion.

The Chinese have made no such guarantee, however. Teng Hsiao-ping, China's irrepressible Vice-Premier, won from Thailand the right to overfly Thai territory when he passed through at the beginning of his ASEAN courtship tour less than three weeks ago. Singapore officials surmise that the Chinese can only have one reason for wanting to overfly Thailand.

The fact that Singapore's ASEAN ally should grant China this right is significant in two ways. First, it shows just how worried Prime Minister Kriangsak Chamanand has become over the threat of Vietnamese expansionism: once Kampuchea falls, he will have Vietnamese troops up against his border, while inside Thailand live 80,000 Vietnamese — every one a potential Fifth Columnist.

Secondly, it shows that the ASEAN leaders despite their shared paranoia about Communism feel better able to trust China than Vietnam. This is particularly the case with Singapore, though the Government has played its China relations with excruciating caution. Singapore still has no diplomatic links with China, and a Government spokesman guaranteed that when Teng Hsiao-ping arrived on his ASEAN tour, he would get "the coolest reception of them all" in Singapore.

Singapore has good reasons to play coy with China: first, three-quarters of its population is Chinese—all of whom have taken a long time to adjust to the idea of being Singaporeans: Prime Minister Lee Kuan Yew, who has at one time or another seen reds under almost every bed, has no intention of allowing his city state to become a satellite of the mainland. To be fair, the Chinese have shown no signs of trying to make it so.

Second, and more important, Singapore would annoy its ASEAN partner, Indonesia, if it gave Teng too warm a welcome. Indonesia broke off diplomatic links with China in 1967 after mainland Communists tried to rouse Chinese students in Jakarta to overthrow the government. It is still deeply suspicious of China's intentions. In deference to Indonesian views, Singapore has promised it will be the last ASEAN power to grant diplomatic recognition to China, and there is every indication that Premier Lee will stand by that promise.

Lee Kuan Yew nevertheless feels more inclined to trust the Chinese than the Vietnamese. Emphasising cultural and traditional links, one government commentator pointed out that China had 5,000 years of history—and just 30 years of Communist rule.

Lee Kuan Yew can only be bemused, however, at the arrival of Teng Hsiao-ping so hot on the heels of the Vietnamese leader. To the Singapore Government, this highlighted China's fears of being excluded from South-East Asia. Like Pham Van Dong, he was expected to arrive with a shopping list, perhaps including oil rigs.

Links

At a more general level, Singapore is equivocal about economic links with an outward-looking China. On the one hand, the ever pragmatic Singaporeans were quick to recognise the export potential it China is genuinely set on break-neck growth. But on the other, the links being developed with Japan pose the possibility of a new and powerful trading axis between Japan and China which might dominate the future power balance in Pacific Asia and threaten ASEAN's trading position.

Japan has this year become Singapore's biggest single investor, and is a dominant trading partner. The S$2bn Japanese loan to build an ethylene complex in Singapore has psychological as well as commercial significance.

It is claimed that Takeo Fukuda, Japan's Premier, and Lee Kuan Yew see eye-to-eye on the pattern of development for South-East Asia, but in the military sphere, there are still differences of opinion. Since U.S. troops withdrew from Indochina, Premier Lee has persistently argued that Japan should assume a military presence in the region—a suggestion which is still ignored.

Lee Kuan Yew is a passionate advocate of ASEAN, and would like to see Singapore at the epicentre of its development. He argues that there is just no way of getting away from the strategic and economic importance of the ASEAN region, and frequently cajoles his ASEAN partners to exploit this fact on a broader front.

For the free-trading Singapore, there are numerous advantages to be won from expanding the scope of ASEAN. Unfortunately for Mr. Lee, however, his partners fail to see the same advantages and the result is that they have frequently clashed with Lee. Singapore's self-assured Premier simply says his partners are more conservative than himself.

It is perhaps Lee Kuan Yew's global perspective that has made him regard himself the 'primus inter pares' among the ASEAN leaders. In the words of his Foreign Minister Sinnathamby Rajaratnam, the global perspective is "the only pragmatic policy in a shrunken world." For this reason, Lee Kuan Yew's Government attaches unusually great importance to foreign relations.

At the core of Lee Kuan Yew's global view is a concept of power balance: no single power should ever be preponderant. This is why he has taken such a tolerant view of Soviet activity in South East Asia.

Mr. Rajaratnam recently told American pressmen: "We are not unduly perturbed by a Russian presence—provided it is balanced by an equally visible American presence.

Having opted for the path of free enterprise and "plugged into the world economic system" which radiates around the United States, Premier Lee feels that Communism should not be rooted out by military force but should be proven a failure by the economic success of free enterprise. This is one of the reasons why he is so pleased with his own country's meteoric economic growth: it is thriving proof of the potential of free market capitalism.

It also explains why he feels so let down by the U.S. and the developed countries of Western Europe as they have raised the threat of protectionism: having plugged into the U.S. economic generator, he now fears the electricity will be turned off.

The EEC-ASEAN summit which has just ended in Bonn is the first such summit, and is regarded as a symbolic victory by Mr. Lee. The concept of ASEAN has been re-affirmed, and during the talks he expected guidelines to be laid down for economic and technical co-operation. Discussions were also expected to cover an export earnings stabilisation agreement, which might protect the growing ASEAN economies from the much vaunted Western threats of protectionism.

David Dodwell

New trading diversity

AFTER CHALKING up growth rates of 21 per cent in 1976 and 18 per cent in 1977 Singapore's foreign trade has been expanding at a more leisurely pace during the first eight months of 1978.

Two-way trade was up by 13.7 per cent during the January-August period, with imports growing by 15.3 per cent (a shade faster than during the previous year) and exports increasing by 11.8 per cent (substantially less than the 1977 growth rate of 24 per cent). The disparity between the growth rates of imports and exports means that the visible trade gap has widened after two successive years of smaller deficits.

The deficit for the first eight months of the year works out at S$4,264m compared with the 1977 visible trade gap (for the full 12 months) of just over S$5,000m. The trade gap, however, is not in itself a matter of great concern to the Singapore Government. One reason for this is that long term capital inflow easily covers the deficit on trade (and on current account). A second point is that Singapore's published trade figures do not include figures for trade with Indonesia. These are excluded because of discrepancies between Singapore's customs statistics and those of Indonesia, with the Singapore figures apparently indicating a significantly larger volume of exports than the Indonesian import figures.

Singapore officials say that the continued high rate of growth in the Republic's imports is to be welcomed since it reflects shipments of raw materials and capital goods for industry and is thus an indicator of healthy activity in the manufacturing sector.

The export situation is more complex. Singapore's top two export items, refined petroleum products and crude rubber (which is re-exported after being shipped in from neighbouring South East Asian countries), both showed relatively low rates of expansion during the first eight months of 1978. Ship exports registered a net fall, reflecting the world wide shipping slump. Exports of electrical and electronic products continued to increase, though possibly not as fast as in 1977.

The slowing down of Singapore's exports in 1978 can be taken as a sign that the Republic's exporters are facing greater access problems in developed markets such as the EEC and the U.S., than was the case during the first few years of trade recovery after the 1973 oil crisis. Singapore's exports to the EEC showed an actual fall during the first eight months of 1978 from S$1,840m in the January-August period of 1977 to S$1,719m. Sales to Japan were up 16 per cent, to S$1,410m, while sales to the U.S. rose by 10 per cent (or by marginally less than the overall export growth rate for the eight-month period).

The fact that Singapore is encountering problems in selling to some of its developed overseas markets comes as no surprise, given the very similar problems that confront other newly industrialised countries in Asia. What is of some interest is the distinctive way in which Singapore appears to be reacting to the problem. There has been less overt concern about the impact of protectionism or in Singapore's exports than in either Hong Kong or Korea, in part because the Republic's manufactured exports are more diversified than those of other new industrial nations.

Marketing

Another distinctive characteristic of Singapore's manufactured goods exports is the dominant role played by multinational companies. The use of Singapore as a production base by multinationals who have their own worldwide marketing networks may have tended to insulate the Republic from some of the protectionist pressures applied to its neighbours.

To the extent that Singapore has faced protectionist pressures in Europe and elsewhere the official reaction seems to have been muted rather than strident. Officials at the Department of Trade express a preference for "maintaining a dialogue" with embassies of EEC member countries, rather than going all out for higher export levels and then facing the consequences.

Singapore admits to having negotiated an informal agreement for the restraint of TV exports to the UK, but there is a good deal of reticence about any other areas in which restraint may or may not be being practised. Concern does exist about the possibility of counterveiling duties being levied on Singapore textile exports to the U.S., but this danger seems to have receded.

Although the Singapore Government is not panicking about protectionism, it is wrong to assume that the issue is being ignored. Diversification of the Republic's export markets ranks as high priority in commercial policy with the emphasis on the Western Pacific (including such nations as Papua, New Guinea, the Solomon Islands and Fiji), the Indochina nations and Singapore's immediate neighbours in the association of South East Asian nations.

Singapore hopes to persuade the western Pacific nations to shift their procurement of imported manufactured goods away from costly Australian suppliers to cheaper Singaporean sources. Hopes for trade with Vietnam are high, but depend on the outcome of government - to - government negotiations on financial arrangements as well as on the commodities involved. So far as trade with Asia is concerned Singapore looks hopefully towards the trade liberalisation programme which began in January 1978 when Asian member countries cut tariffs on an initial 71 items (followed by another 755 items in September).

The Asian Free Trade Area is expected to materialise very gradually and, at best, to provide only a modest second string to Singapore's dependence on the developed countries as markets for its manufactured goods exports. This does not alter the fact that, of the five Asian members, Singapore is probably the most enthusiastic proponent of free trade (and of other types of economic integration within the region).

Decline

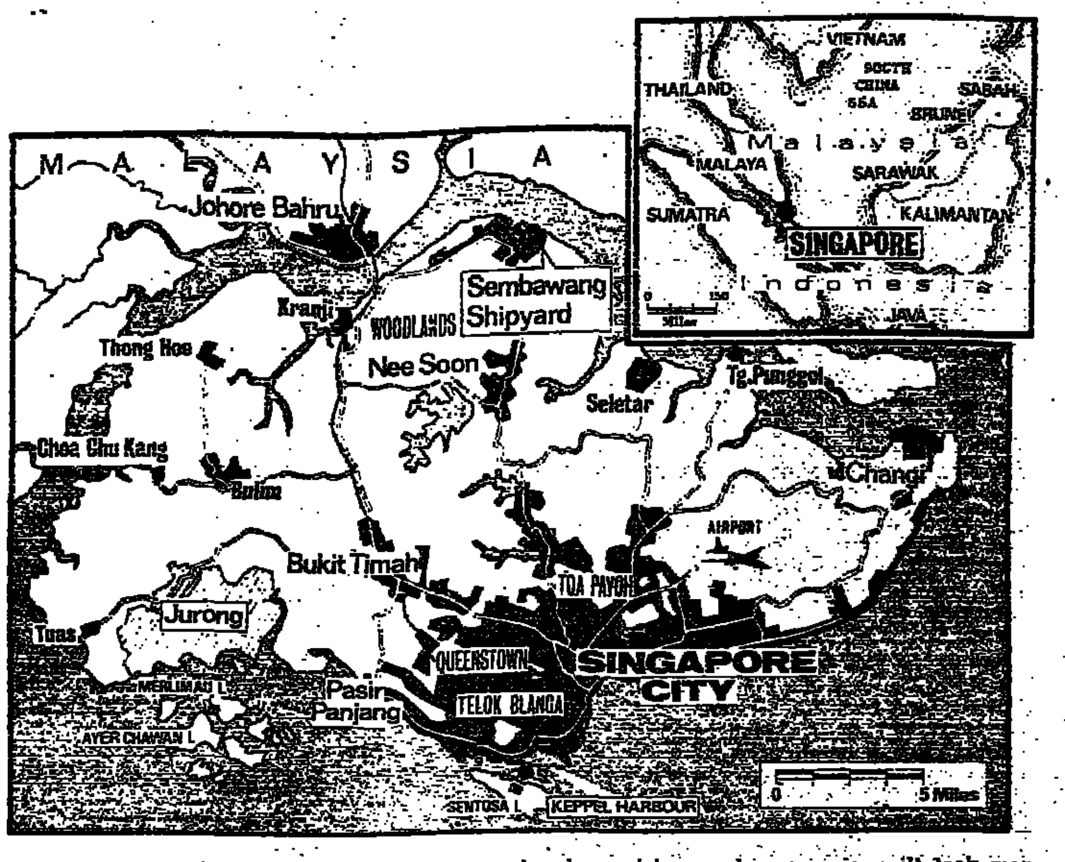
Apart from its interest in Asia as an eventual market for domestically produced exports Singapore has a strong interest in maintaining its entrepôt trade links with the region.

The importance of entrepôt trade can be measured by the fact that re-exports still accounted for 42 per cent of total Singaporean exports in 1977 (although this represents a sharp decline from the 1977 ratio of 42 per cent). Singapore continues to play a key role in the distribution of Malaysian and Indonesian rubber and a somewhat lesser role in the distribution of other agricultural products such as palm oil. It has also begun to develop what might be described as entrepôt trade in reverse — meaning the import of sophisticated machinery and other manufactured goods for subsequent distribution elsewhere in the region.

Singapore officials feel that the convenience of Singapore as a financing and distribution centre reinforced by the links which exist between Chinese trading houses in the Republic and related groups of Chinese businessmen in Malaysia and Indonesia will safeguard the entrepôt trade from at least some of the attempts of neighbouring countries to cut Singapore out. This does not alter the fact diversification of both products and markets is seen as a key priority.

C.S.

A major banking centre



SINGAPORE'S BID to establish itself as one of Asia's leading international financial centres has been highly successful, though the Republic naturally faces competition in this field—notably from Hong Kong, Manila and Bahrein.

One indicator of success is that, according to the monetary authority of Singapore, no fewer than 70 of the world's leading 100 banks are now represented in the Republic. Another way to view the significance of the local banking industry is as a contributor to Gross Domestic Product. The MAS says that between 6 and 7 per cent of GDP is contributed by the financial sector, including non-banking institutions such as finance and insurance companies. What matters more than the sector's statistical contribution, however, is the role played by banking in upgrading the quality and sophistication of Singapore's labour force and in providing support for their sectors of the economy such as manufacturing.

Singapore's banks are classified under three headings: Full Service banks (numbering 17) which may undertake any kind of business including retail banking; Restricted Banks (numbering 13) which are limited to wholesale banking business within Singapore, but not subject to restraint in their offshore banking business, and Offshore Banks (29) which were established primarily to deal in currencies other than the Singapore dollar, but are now being allowed increasing freedom to operate domestically.

Of the three different sectors the first two are effectively *closed to new entrants*, according to MAS. The offshore sector, however, is still open, with MAS estimating a time lag of between two and six months from the receipt of applications to establish an offshore branch and the extension of official approval; informal negotiations preceding the official application may, of course, take longer.

Apart from the banking sector proper Singapore boasts 26 merchant banks whose activities range from dealing in the foreign exchange and gold markets to underwriting of bond issues in the local offshore U.S. dollar dominated capital market.

Important non-bank institutions in the domestic financial field include the Central Provident Fund, which absorbs a fixed percentage of Singapore wages and salaries and uses them to buy Government securities, and the Post Office Savings Bank which is a major competitor to local banks for savings deposits.

Interest payments on Post Office Savings accounts are tax exempt up to a limit of S$100,000 which gives it a distinct advantage over ordinary banks. The Post Office Savings Bank made its first entry into the syndicated loan market early this year, thereby challenging local *banks as a lender* as well as in the field of deposit collection.

Activity

For the 29 offshore banks which constitute the main part of Singapore's international banking presence a major, if not *the* major, focus of activity is the Asian dollar market. This offshore, U.S. dollar denominated short and medium term money market is basically similar to, and some respects an offshoot of, the Eurodollar market. The First Asian Currency Unit (a separate accounting unit established within a bank with a licence to deal in U.S. dollars) was established in Singapore in 1968 by the Bank of America. Since that time the number of ACUs has increased to 82 and their total assets to over U.S.$ 23bn.

The Asian dollar market has been fostered by the introduction of a series of tax concessions starting with the suspension, in 1968, of a 40 per cent withholding tax on the interest income of non-residents. Corporate tax on ACUs is now fixed at 10 per cent, which compares favourably with the 17 per cent tax on offshore banking introduced by Hong Kong in its April 1978 budget.

Other actual or would-be offshore dollar markets, however, offer even more attractive tax terms than Singapore with results that seem to be starting to tell. The Philippines taxes its offshore banking units (OBU's) (equivalent to Singapore's ACUs) at 5 per cent while Bahrain levies no tax at all. The dollar assets of offshore banks in Bahrain now stand at an estimated S$20bn which would seem to indicate that Singapore faces strong competition from this quarter. Foreign bankers in Singapore emphasise, however, that distinctions between the various offshore Dollar markets are somewhat artificial, at least so far as the Inter-bank portion of the market (the majority) is concerned. During the time when both the Singapore and Bahrain markets are open it is as if there were a Dollar pipeline under the Indian Ocean, says one Japanese banker.

The Singapore Asian Dollar market draws the bulk of its funds from the Eurodollar market and is primarily an Interbank market, though the share of loans taken by non-bank customers has been rising recently. As a centre for foreign currency lending to non-bank customers Singapore lags behind Hong Kong, but there are indications that this situation may be starting to change. Hong Kong's position as a centre for Dollar-denominated syndicated lending derives partly from the fact that it is closer than Singapore to Korea and Taiwan, the two countries which, up to now, have been the major customers for such loans.

Singapore hopes to develop its own activities in this field as and when its neighbours in the Association of South East Asian Nations (ASEAN) begin to constitute a larger market for dollar loans. This is expected to happen as and when local participation in the subsidiaries of Western multinational companies begins to increase significantly (the point being that such companies will look more to local sources of financing and will be more easily evaluated as credit risks by locally based banks when their management is localised).

Singapore has sought to encourage international banks to use their Singapore offices as a base for regional lending by such measures as giving banks priority in the making of overseas phone calls ("It only takes 10 minutes to call Djakarta," says one banker) and by improving printing and other ancillary services.

The authorities have also been making efforts, since about 1970, to build up the Republic's role as a base for U.S. Dollar-denominated capital market transactions. The first Asian dollar loan (for U.S.$ 10m) was floated by the semi-governmental Development Bank of Singapore in December 1971,

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Success in investment

CULTURAL AND political pride sometimes stand in the way of foreign investment in the developing world—but in Lee Kuan Yew's Singapore there is no such problem.

"Singaporeans were smart enough to recognise those more enterprising than ourselves," the Prime Minister recently declared in explaining his nation's attitude to foreign investment. "That was the key to our rapid development," he said.

Based on a combination of investment incentives, and a well-disciplined and highly-pliant workforce, Singapore was able to attract foreign capital almost from the moment of its independence, and now, with the added benefit of South-East Asia's best-developed infrastructure and undoubted political stability investors have continued to regard it as a prime location.

By early 1978, more than S$4bn in foreign capital had already been invested in the Republic and during the first half of the year investment commitments increased appreciably over the 1977 pace, at S$530m.

Some 250,000 workers, 30 per cent of the total workforce, are employed by foreign companies in Singapore. There are some 12,000 foreign managers, engineers or technicians, or 20 per cent of the workforce in those categories.

As its investment reputation has grown, authorities in Singapore have been able to adopt a selective attitude in assaying potential projects. Worried by rising protectionism in its major export markets and eager to raise the technological level of the local workforce, the authorities are now making a special effort to lure high technology foreign investment which turns out the kinds of products largely immune from tariff restrictions.

The Economic Development Board, responsible for promoting investment in Singapore, encourages high technology investment through its "pioneer scheme" under which a five-year tax holiday is granted to firms introducing industry thought likely to produce goods with high market accessibilty abroad.

This high technology industry also has benefits for small-scale industry held by local interests. For example, Philips, the Dutch electronics giant has five Singapore plants producing radios, televisions and telephones, and many of the plastic components are subcontracted to local firms.

The United States is the largest foreign investor in Singapore, with more than S$1.3bn committed. It is followed by Japan, the Netherlands and Britain in that order, though the Japanese are almost certain to move into first place in several years.

A petrochemical complex, backed by Sumitomo and valued at some S$2bn, is scheduled to begin operations by early 1982. It is by far the largest foreign project ever contemplated in Singapore and officials are nervously watching its progress. With overcapacity in Japan's domestic petro-chemical industry, some concern has been expressed that the complex may be delayed at Sumitomo's request, though company officials are still sticking publicly to the 1982 opening date.

Joint

Aside from infra-structural and other considerations, Sumitomo was lured to Singapore by the enviable record of success foreign investors have enjoyed in the Republic.

According to an Economic Development Board survey, not a single enterprise backed by a major multinational corporation has failed, and the overall failure rate for firms from developed countries is only 6 per cent.

The survey showed that other foreign firms, such as those from Hongkong and Taiwan had a failure rate of 13 per cent, while joint ventures involving local interests and companies from the U.S., Japan or West Europe had a 7 per cent failure rate.

Union leaders, in close collaboration with the Government, have attempted to keep wage rates competitive with other countries in the region. The average monthly salary for production and manual workers in 1977 was $146, above the comparable rates for rivals like Taiwan and South Korea, but still attractive, particularly in light of high worker productivity.

The net result of the success so far enjoyed by Singapore in attracting foreign investment has been the virtual transformation of the republic from its historical role as only a nexus for entrepot trade to an industrial centre. Manufacturing, dominated by foreign held firms, now accounts for about S$2bn of the S$11bn annual gross domestic product.

The manufacturing rise has been based on a formula which gives first priority to high technology industries while at the same time seeking to upgrade traditional labour intensive ones.

No sector has grown more rapidly than electronics, which now concentrates on micro-assembly and component manufacture. *It employs about 18,000* workers and earns almost S$1bn annually through exports. Major plants are operated by Texas Instruments, National Semiconductor and Fairchild—all American concerns.

Radio, television and tape recorder production are also expanding rapidly with about 25 companies producing S$500m in annual exports. Aside from Philips, Sanyo and Hitachi have large Singapore installations.

Pharmaceuticals is a relatively new industry with annual export sales of about S$150m. Beechams Pharmaceuticals, which exports 95 per cent of production, is the leader.

A major feature of the newer industries is their high added value to output ratio. In the electronics field, for example, it *is about 32 per cent and is* almost twice that much for pharmaceuticals.

By contrast, the older more labour intensive industries have ratios in the 10 per cent range, with the exception of textiles at 30 per cent.

Growth in the manufacturing sector is reflected in the steady increase in the quarterly index of production, which measures industrial output. It rose 10.1 per cent in the first half of 1978 over the same period for the previous year. The advance was led by electronics and electrical machinery.

The success Singapore has enjoyed in building up its own industrial sector through foreign investment has, perhaps inevitably, led to the creation of a Singapore economic model, at least in the minds of envious planners in neighbouring countries. Delegations from nations like Sri Lanka and Bangladesh now regularly tour the republic and the Jurong Town Corporation, where many of the foreign-backed manufacturing facilities are located, is their Mecca.

As foreign investment in Singapore continues to rise, authorities have expressed some concern over the low level of locally-generated investment but it is hoped that, in the long run, the technological and managerial expertise Singaporeans acquire through their involvement with foreign firms will help instill a spirit of entrepreneurship.

Part of the problem stems from the high risk involved and the attractive alternative of working for a foreign company. The failure rate for Singapore manufacturing enterprises with no outside capital is 38 per cent.

Local investors have, however, shown increasing willingness to take their own capital overseas. Aside from investments in Thailand, Malaysia and Indonesia (where family ties often exist,) Singapore firms have set up shop in Sri Lanka and Bangladesh. Part of the proposed Sri Lanka investment zone, itself based on a Singapore model, may in fact be filled by Singapore companies.

Peter Weintraub

Dilemma in a multilingual culture

THE CATCHPHRASE of Radio Singapore is "From many cultures—one voice." This may be true for the radio station, but it could not be further from the truth in the nation as a whole, where the search for cohesion and nationhood continues.

A local educational expert eloquently captured the dilemma when he recently wrote: "For other countries, nation-building is nation-rebuilding—the technological adaptation of traditional societies. For Singapore, a nation is being built 'de novo' without a dominant distinctive indigenous tradition. . . The majority of Singapore's people were a colonial catch-crop of economically - minded immigrants."

Singapore does indeed face extraordinary problems of nation-building: according to latest statistics, the population comprises 76.1 per cent Chinese, 15.1 per cent Malay, 6.9 per cent Indian and a 1.9 per cent residual. Barely any of the Chinese speak Mandarin as their mother tongue. Many speak Hokkien, but Teochow, Cantonese and Hainanese are important minority languages.

Prime Minister Lee Kuan Yew, with remarkable frankness, confessed in April on television that he had personally aggravated confusion over language policy for the sake of vote catching: "Unfortunately, in order to get myself understood, to win votes, I set a bad example. I learnt Hokkien and I legitimised the speaking of dialect, not realising at the time that I was putting (on it) the seal of legitimacy."

Nevertheless, one of Lee Kuan Yew's greatest political strengths has been his own mastery of English, Mandarin, Malay and Hokkien. Through the different language media he has been able to convey different messages to suit his various audiences—differences that few could be aware of because of their limited grasp of Singapore's different languages.

Lee Kuan Yew is sincerely committed to the idea of Singaporean nationhood, and would genuinely like to find a a 'national' language. At present, there seems little option but to choose English.

Mr. Sinnathamby Rajaratnam, Singapore's Foreign Minister, recently explained: "We want every community to preserve and develop its private language—whether it be Chinese, Tamil, Malay or Bengali. All these private languages have behind them thousands of years of great history and cultural achievement which can certainly enrich the developing culture and history of Singapore.

"But you also need a public language, or link language, through which the wisdom behind these private languages can be communicated to all Singaporeans. We have made English the link language."

Singapore's future wealth depends on the exploitation of its position at the crossroads of the world's east-west shipping routes. It has become the 'global city,' and as such needs English as a neutral national and international medium to enhance its commercial future. It not only enables the different ethnic groups inside Singapore to communicate with each other; it gives no one ethnic group a head start in the job market.

But when it comes to nation-building, to the establishment of shared values and morals, then English is of little use. Shared values and traditions are still locked by sentimental commitment into the minority ethnic languages. In the end, English is an alien and expedient Western language, and Singaporeans are wary that it should never overrun their Asian roots.

So it was that Malay was in formal terms declared the national language—even though only 11.4 per cent of the population is literate in Malay. With the Chinese population constituting 76 per cent of the total population, it might have seemed natural for Mandarin to be promoted as the national language.

Fears

Apart from the fact that Mandarin is the mother tongue of only a handful of Singapore's Chinese, Lee Kuan Yew's fears over mainland China's aspirations for regional domination have made him reluctant to espouse Mandarin as the nation's first language. Not only Indians and Malays but international business, too, would be greatly perturbed by the prospect of Singapore dominated by a Chinese majority which looked towards the mainland for its "Great Tradition."

The various dialects have a strong hold over the various Chinese communities, even though ethnic monolingualism is associated with being uneducated. Lee Kuan Yew nevertheless seems set on promoting Mandarin as the eventual carrier of Singapore's shared traditions and cultural values.

"Language use is not something we can change overnight or by dictat," said Mr. Lee. "We have to slowly encourage, cajole, coax and add that small modicum of coercion."

So, at a time when only 5 per cent of the population is effectively bilingual, Singapore's teachers from primary schools through to universities are being asked to make their pupils trilingual: students must in future be competent in their home dialect, English (to ensure professional success or at least an even chance of success), and Mandarin.

As from March this year, students wanting to go on to secondary schools must pass exams in both English and Mandarin—to the consternation of many parents and pupils who see no immediate use in learning Mandarin, and fear it will disrupt progress in the more obviously useful English.

It is hardly surprising that schools and universities are in turmoil. This has been apparent in Singapore's struggling Chinese university at Nanyang.

When Nanyang was established in 1955 to compete against the English medium Singapore University, around 50 per cent of Singapore's children studied in Chinese medium schools. As parents have become aware of the advantages of learning English as a second language, so this figure has dwindled to 11 per cent.

Decline

As Lee Kuan Yew himself pointed out in February this year, the "fatal error" at Nanyang was to adjust to this decline in students wanting to study in the Chinese medium by lowering standards. Its degrees were debased, students found it difficult to get jobs in competition with Singapore University graduates, and so applications dwindled further.

In 1976, in an attempt to stop the rot, Nanyang shifted into English as the teaching medium—but in vain. In March this year, it was decided that first year students selected for Nanyang would spend at least their first year on a "Joint Campus" adjoining Singapore University. It is hoped that in this "English medium environment" these students will improve their grasp of English, improve their chances of a good degree, and so salvage the reputation of Nanyang. In the meanwhile, the Nanyang campus population thins, and the future of the institution hangs in the balance.

It can be argued that Lee Kuan Yew's multilingual ideal is a waste of time and money. Many parents who would like their children to become fluent in English would argue as much. So would the financiers of Singapore's television and radio media, who have to split funds across every major and several of the minor languages.

Mr. Eddie C. Y. Kuo, a senior lecturer in Sociology at the University of Singapore, recently noted: "Although there are 11 newspapers published (in Singapore), a mono-literate English-educated reader can only choose among three dailies, all owned by the same publishing company . . . Similarly, a monolingual Tamil Indian can only tune into one radio channel for news, despite the presence of four channels."

Multilingualism might have one great advantage, however. According to Prime Minister Lee Kuan Yew: "The monolinguist is more likely to be a language chauvinist and a bigot. He does not have binocular vision to see the world in depth . . . Bilingualism gives a more balanced and rounded view of the world."

As a master of five languages, that must give Lee Kuan Yew a rare quality of vision.

D.D.

A labour covenant

IN 1960, Mr. Goh Keng Swee, then Singapore's Minister of Finance, called on trade unions to adopt a policy of wage restraints in order to make the island attractive to foreign investors.

While it took nine years and a total restructuring of the union movement for Mr. Goh's call to take hold, the resulting labour - Government covenant has been one of the keys to Singapore's economic success.

The leader of the labour side is the 56-year-old Mr. Devan Nair, general secretary of the National Trades Union Congress, a confederation with 53 affiliates.

Mr. Nair returned to Singapore in 1969 from Malaysia and, since then, has built the NTUC into a powerful political and economic force—but one which knows full well its limitations and consistently abides by them.

At the time of Mr. Nair's return, Singapore's trade union movement was still reverberating from the effects of a Government-inspired purge of Leftist elements.

Founded in 1961 as a counterweight to the more militant Singapore Trade Union Congress, the NTUC wholeheartedly endorsed the Industrial Relations and Co-ordination Act of 1968 which made arbitration compulsory, curtailed the unions' right to strike, gave management sole jurisdiction in hiring and firing, increased working hours and reduced overtime as well as cutting back retirement benefits and maternity and sick leave.

Future

Mr. Nair was one of Lee Kuan Yew's principal lieutenants during the late 1950s and 1960s when the future of the Prime Minister's People's Action Party rested in large part on its ability to overcome Leftist-dominated trade unions. Until 1963 union leaders such as Mr. Lim Chin Siong effectively controlled the Singapore labour movement, and their presumed Communist sympathies represented a clear-cut threat to the Government's programme to attract foreign capital.

One of Mr. Nair's first orders of business upon his return was the implementation of what was called the "modernisation of the labour movement."

The modernisation campaign rested on the premise that a worker's primary responsibility was to help the Government achieve progress—but at the same time it sought to strengthen labour's overall role by making it more economically self-reliant.

Based on the model of the West German and Israeli trade union confederations, the NTUC introduced a scheme of co-operative enterprises in the insurance, transport and food marketing sectors.

Today, the insurance co-operative, known as INCOME, sells one-third of all life insurance policies in Singapore. The transport co-operative, COMFORT, operates a fleet of more than 2,000 taxis and 350 minibuses, all owner-operated. The food marketing organisation, WELCOME, runs a chain of nine supermarkets which last year had a turnover of more than S$23m. At the same time, through its import of rice from Thailand, the WELCOME chain effectively sets the retail rice price in Singapore.

As a longtime political ally of Prime Minister Lee Kuan Yew, Mr. Nair or his lieutenants hold seats on a number of important statutory boards in the republic. Among them are the Economic Development Board, the Central Provident Fund Board, the Housing and Development Board and the National Wages Council.

It is the Wages Council which every year makes recommendations to the Prime Minister on wages rises for Singapore workers. Aside from Mr. Nair and two other NTUC representatives, its members include officials from the Ministry of Finance, Ministry of Labour, Singapore Employers' Federation and Economic Development Board.

While the recommendations are not legally binding on either the prime minister, the NTUC or employers, they are, in fact, routinely accepted by all. For the current year, the Wages Council recommended a national pay increase of S$12 plus six per cent. In the first four months of 1978, the Consumer Price Index in Singapore rose by 5.1 per cent against the same period in 1977.

In an effort to further expand its political and economic role, the NTUC recently adopted a series of sweeping changes to its constitution. For the first time senior leadership positions are opened to non-union representatives, and at the same time the position of the NTUC's secretary-general is strengthened.

The change dealing with outside representation theoretically permits up to one-third of the NTUC's triennial delegates conference and one-half of its central committee to come from non-union ranks. It generated widespread criticism in the normally docile local Press, on the grounds that the NTUC's essential trade union character would be diluted substantially. However, secretary-general Nair quickly denied that this would be the case.

He said that in practice no more than 25 of the 230 elected delegates conference representatives would come from outside the unions and pointed out that in the NTUC central committee votes for outside representatives would be restricted to active trade unionists.

The other provision gives the NTUC secretary-general the right to veto staff appointments made by any of the Congress's affiliated unions.

Mr. Nair defended this proposal on the basis that it would prevent infiltration of the labour movement by communist agents, a rather strange claim in light of the fact that the last instance of a communist labour infiltrator being discovered happened more than 10 years ago.

Nevertheless, Mr. Nair believes that if Communists do attempt to return to Singapore in force their first target will be the trade union movement. While virtually all observers agree that Singapore's economic growth renders it largely immune from successful communist infiltration, citing "the red menace" is an effective way of quieting criticism in the republic, which may well have been the purpose of the exercise in the first place.

Significant

At present, the NTUC has some 225,000 members, representing about 40 per cent of Singapore's organisable workforce. While that represents a significant gain from the 65,000 members registered a decade ago, there is some question about the extent of further expansion. A large proportion of Singapore's industry consists of small, family held enterprises and it is thought that most of them will resist attempts at unionisation.

The NTUC is categorically opposed to the concept of closed shop trade unionism, claiming that it coerces workers and smacks of totalitarianism. In principal though, it accepts the idea of non-union workers contributing the equivalent of the prevailing union subscription to a fund set up to benefit the working population as a whole.

The Singapore Labour Foundation, operating under the aegis of the NTUC, now seeks to aid Singapore workers through providing emergency assistance in special circumstances and raising workers' vocational levels through a series of training schemes. Presumably, it could be the conduit for any worker benefit fund.

Like many of Singapore's leaders, secretary-general Nair repeatedly points out the importance of developing an able successor generation and is conscious of the fact that the close ties between labour and Government which now exist could be changed once the present generation on both sides leaves power.

It is understood that he, personally, has no plans to retire for at least several years and he is on record as rejecting suggestions that he might move into the Cabinet—possibly as Minister of Labour—when his career with the NTUC ends.

Peter Weintraub

The creeping growth of Britain's "quangos"—quasi autonomous non-governmental organisations—has recently attracted considerable public attention. Singapore boasts a similar kind of "beast"—the "quago", or quasi autonomous governmental organisation. On the next three pages our correspondents examine the considerable power of these "quagos" and their effect on the economy.

Housing Development Board

THE SINGAPORE Government has this year claimed that it can house every citizen. It has taken 18 years and one of the most colossal redevelopment programmes seen anywhere in the developing world.

Almost all of the homes are flats in high rise blocks. Countering widespread worries over high-rise living, the Government claims that people have adjusted well to tower blocks. Even if they have not, the Government argues they have only to recall the abject squalor of the squatter camps from which many of them came to feel better off.

In 1960—just a year after winning power — Singapore's strong-willed Government lead by Mr. Lee Kuan Yew pinpointed the island's acute housing problem for urgent attention. Between 1927 and 1959 the British administration had, through the Singapore Improvement Trust, built just 23,000 new homes. In the meanwhile, the population had boomed from 0.5m to 1.5m.

The Housing Development Board, was created, and given top priority to rid Singapore of its decrepit squatter settlements. So urgent was the task, that the Board was granted a rare privilege—a Government subsidy.

The Housing Development Board (HDB) has since then orchestrated the most remarkable building programme: 110,000 homes were built between 1960 and 1970. Between 1970 and 1975, a further 114,000 homes were completed. Since then, 30,000 new homes have been finished every year. At last, the HDB says the back of the problem has been broken.

About 1.4m people—about 60 per cent of the population—now either own or rent HDB homes. By 1980, the proportion is expected to have risen to 70 per cent.

At the outset, 17,000 one-room flats were built in an emergency programme. But by now, most of the new flats being built are larger—between two and five bedrooms. Later this year, the HDB plans to start converting those original one-roomed flats, enlarging them and improving amenities.

In the peak year—1974—106,000 families queued on the HDB waiting list for new homes. This waiting list has now dwindled to below 60,000, and most of those on the waiting list are families wanting to move from one HDB flat into a larger one.

Mr. Liu Thai Ker, the HDB's Deputy Chief Executive Officer, said: "From now on, people in Singapore will need housing not because they have no home, but because they have growing families or are moving into better accommodation. The urgency is no longer there."

It is all very well to build new homes, but how has the Government made it possible for people to buy them? Out of the 280,000 homes built by the HDB, more than 52 per cent—150,000—have been bought under the home-ownership scheme.

This scheme works in concert with the government-run Central Provident Fund, by which 16½ per cent of every worker's salary is docked every month, matched by an equal sum from the employer, and compulsorily saved.

Until 1968, a worker was only able to withdraw his CPF savings on retirement or on leaving Singapore. Nowadays, he can also draw on his CPF savings to buy an HDB home. Rather than leave their deposits locked in the CPF, to gather interest, many have exploited the chance to buy their own homes.

To further ease house purchase, the Government has approved large subsidies. A one room flat sells at one-third its real cost. Two and three roomed flats qualify for smaller subsidies, while some of the subsidy cost is covered by selling the four and five room flats for more than their cost price. The HDB's overall deficit in 1977 (and therefore the Government's effective subsidy) was S$70m. That was 22 per cent of the HDB's total spending, and 2.5 per cent of total government spending. This works out at a subsidy of S$50 for every HDB resident.

Mr. Liu Thai Ker, deputy chief executive officer, Housing Development Board.

To qualify for an HDB flat, an applicant must be 21, a Singapore citizen and must not own any landed property. To buy a flat, the combined household income must be less than S$1,500 a month. To rent a flat, it must be less than S$800 a month. Four and five bedroom flats are for sale only. About 87 per cent of Singapore's population earns less than S$1,500, and is therefore eligible for an HDB home.

A house price boom in the early 1970s in the private sector created unexpected problems for Singapore's professional classes: many families earning too much to qualify for HDB homes were unable to afford homes in the private sector, where prices had trebled in just three years.

Fearing an exodus which would bleed the country dry of its best qualified people, the Government formed the Housing and Urban Development Corporation (HUDC). Households earning a combined income of between S$1,500 and S$4,000 would be eligible for homes built by the HUDC, and could use their Central Provident Fund savings for the purpose. This provided for another 6 per cent of Singapore's population, leaving just the richest 7 per cent to fend for themselves in the private house market.

A balloting system is used to allocate flats. Once an applicant reaches the top of his waiting list then he is offered a flat. If he rejects it, then he has two more choices before returning to the bottom of the waiting list. Many applicants accept only their third choice.

Many argue that this is because many of the flats are poorly finished, lacking privacy. They claim that applicants are daunted by the prospect of high-rise living. They also complain about the aggressiveness of the HDB redevelopment policy.

Mr. Liu, the deputy chief executive officer of the HDB, counterclaims that Singapore has no choice but to adjust to high rise life: there is simply no other way of squeezing the still-growing population onto a land area of 226 square metres. He argues that most Singaporeans have adjusted well to multi-storey flats, and realise they must make virtue out of this necessity.

Singapore's good weather, and a policy of providing flats with wide communal access balconies, alleviate the major problems of claustrophobia and loneliness.

"Of course, we would like to build low rise homes, but in Singapore it is just impossible and we have to come to terms with that fact," Mr. Liu said. He also argued that the "choosiness" of applicants resulted more from the fact that they were in no urgent need of a bigger or better home than from the fact that Singaporeans hated high rise blocks of flats."

D.D.

Public Utilities Board

IN ALMOST any country except Singapore, controversy over a new power station would mean controversy over "going nuclear." In Singapore, the *controversy is over "going coal."*

By 1987, the island's sixth power station will have to be ready for commission. Each of the previous five power stations has been oil-fired, but as yet another rise in oil prices looms at the end of the year, the Government is getting nervous about its complete dependence on oil.

Proposals that the sixth power station should be coal fired might seem innocuous elsewhere, but in Singapore, where 2.3m people are squeezed into just 226 square miles, it raises serious environmental issues. In such a small country, the problem of atmospheric pollution from coal dust cannot be underestimated.

Delegation

The organisation which will have to decide whether Singapore "goes coal" is the Public Utilities Board, a government controlled body which supplies the island's water, gas and electricity.

A delegation from the PUB has just returned from Australia, where it had a close look at a number of operational coal-fired power stations. It will report early in 1979, and the Government is likely to act on its recommendations when its *sixth power station, due to be* built on the small southern offshore island of Pulau Saraya, gets the go ahead.

Mr. Lee Ek Tieng, Chairman, Public Utilities Board.

In the meanwhile, the massive oil-fired Senoko power station is due to be complete by 1984. Three generators, each of 120Mw, were commissioned in 1976, and another three, of 250Mw, should be in operation next year. The last two generators should be working by 1984.

As work continues at Senoko, so the project consumes the lion's share of the PUB budget for capital spending. The board expects to lay out S$403.8m in 1978, of which S$237.6m—or 59 per cent—will be spent on Senoko.

The Public Utilities Board worries over Singapore's complete reliance on oil for its power generation are quickly understood after a glance at the recurrent spending estimates for 1978. The board expects total recurrent costs to be S$543.4m (a 15 per cent rise on 1977). Of this, S$271.2m will be *spent on fuel oil—almost 50 per* cent of recurrent costs.

The PUB produly claims that it has never raised its gas or electricity tariffs during 12 years of operation. The rise in cost of labour, materials and general services have been matched by improved efficiency. But on top of the basic tariff is an oil price adjustment charge, which was increased in 1973 and again early in 1974. Singaporeans can expect a fresh "adjustment" if OPEC leaders decide to increase oil prices when they meet in December. In this context, the financial arguments in favour of oil-fired power stations become increasingly powerful in spite of the environmental worries.

The PUB's gas supplies are almost totally derived from naphtha—another oil-based product which is likely to become more expensive with any rise in oil prices. Gas is mainly used for domestic cooking, and is the only area of PUB operations faced with private sector competition.

The PUB is exclusive supplier of piped gas, which accounts for almost 90 per cent of the gas used in Singapore. The remaining 10 per cent is Liquid Petroleum Gas (LPG), sold in containers. Several private manufacturers compete with the PUB for LPG sales but their prospects are dwindling as more and more of the Singapore population is housed on new housing estates—each provided with piped gas supplies.

Singapore's 2.3m people are among the few in Asia who can depend on drinkable water from their taps—and this is entirely due to the PUB. But it is as *the nation's water supplier that* the PUB has come face to face with its most acute environmental dilemmas.

Singapore has no rivers of any significance and barely any underground water supplies. It relies almost exclusively on rainwater. Six water reservoirs have been built, with four more close to completion and another two reservoirs on the drawing board. But with a land area of just 26 square miles, and many other demands on the limited space available, there is a limit to the number of reservoirs that can be built—and the PUB realises that it has very nearly reached that limit.

To relieve the problem, the PUB has negotiated with the Malaysian Government for four reservoirs to be built in South Johore—the mainland area adjoining the island of Singapore. Some river water has also been tapped in South Johore. Much of this water is piped across into Singapore, with the remainder being sold to the local population.

Despite these efforts, acute water shortages are projected by the late 1980s unless new water sources are tapped. Desalination has been ruled out for the present because of the huge costs involved.

In the meantime, the PUB has been trying to prepare the population for the psychologically unsavoury prospect of water recycling. At the domestic level this will mean purification and re-use of sewage. Industry will be encouraged to instal purification plants for the recycling of water. It is hardly surprising that wall posters everywhere plead for water conservation. PUB and Government spokesmen rail unrelentingly against the "water wasters."

Servicing

Like almost every other government-controlled body, the PUB is not allowed the luxury of financial support. After funding many of its projects through loans from the World Bank and the Asian Development Bank, the PUB is committed to squeezing an 8 per cent return on investment. At present it is managing an 11 per cent return.

The Singapore Government demands that debt servicing is covered 1.5 times by cash generation. In 1977, debt service was covered 1.77 times.

This apparent success in meeting financial targets should nevertheless not disguise the fact that the PUB is treading a financial tightrope. The company will need over S$371m in fresh loans this year, and can expect huge demands for extra cash in the mid-1980s, as the Senoko power station is completed and as work starts on the Pulau Saraya power station. Whether this station is oil or coal fired will make little difference to the initial cost in getting the station built.

D.D.

Banking CONTINUED FROM PAGE IV

followed by two much larger Singapore Government issues in 1972. In the next three years interest in the market flagged, but activity picked up in 1976 and 1977 and a total of nine issues worth U.S.$316m were floated in the first eight months of 1978.

The actual value of this business to Singapore is hard to evaluate since most of the issues were floated jointly in the Singapore and European markets. All that can be said is that Singapore is trying hard to develop its position as an offshore capital market and is to some extent adjusting its treatment of foreign banks according to their interest in the market. The same general observations apply to the foreign exchange market which appears to be flourishing, particularly that portion of it which deals in Dollars and Yen. Monthly turnover on the foreign market is now estimated at $30bn of which between 20 and 30 per cent is in Yen. According to one Japanese bank Dollar-Yen transactions in September totalled $13bn, up from $4bn in September 1977.

Foreign

One of the instruments used by MAS to encourage foreign banks to develop their offshore banking activities in the directions it favours is the liberalisation of domestic lending. Offshore banks were not originally allowed to lend in Singapore Dollars to local customers but have been permitted to do so (up to a ceiling of S$30m per bank) since the middle of this year. The MAS says that "deserving cases" will be allowed to exceed the $30m ceiling meaning, apparently, that greater latitude will be permitted to those which co-operate with the Government's objectives in the offshore banking sector.

A snag to the liberalisation of domestic lending is that foreign banks remain barred from the acceptance of interest-bearing deposits and are thus obliged to raise their Singapore Dollar funds on the local Inter-bank market. It so happens that there was liberalisation of foreign exchange controls in the middle of the year. Foreign banks thus find it hard to match the 7 per cent prime lending rates of the leading local banks (which draw their funds from deposits) without incurring losses on their domestic business. Some banks, however, are willing to lend locally at a loss in order to service the Singapore offshoots of companies which are their customers in other parts of the world.

C.S.

Central Provident Fund

WHEN IN 1955 the British administration in Singapore set up the Central Provident Fund as a basic workers' pension fund, no one dreamt that 23 years later the Fund would have been transformed into the main source of government borrowing, and the cornerstone of Singapore's anti-inflation and rehousing policies.

The scheme introduced on July 1 1955 was modest in scale, aimed at providing those who had no social security and no security in old age with a means of saving for retirement. Contributions varied according to the monthly salary, but for the average person, earning under S$200 a month, the employer had to pay 5 per cent of the salary into the employees CPF account. Only when the salary rose above S$210 did the employee match this contribution.

Then, in 1968, the nature of the CPF was rethought by an independent Singapore government lead by Mr. Lee Kuan Yew. The Government was confronted by an urgent and daunting need to provide adequate housing for its people. But there were no funds in the coffers for any major redevelopment schemes, and even if the Government had had the cash, few workers had saved enough money to afford any of the houses the Government might build.

The scheme was simple but brilliant: boost the CPF contributions by employers and employees, make sure the funds invested in the CPF are reinvested in government stocks, use this government borrowing to build new homes, and then allow the worker to use his CPF account for house purchase.

The scheme had a multitude of virtues: by reducing the spending power of workers it pegged inflation; it persuaded workers to learn the savings habit; it launched Singapore towards Premier Lee's ideal of a property-owning democracy; and if it was unused for housing, it would provide the worker, at the age of 55, with a substantial nest egg.

The scheme also encouraged full employment, since a man out of work was saving nothing, and so would be unlikely to save for a home of his own.

A new, higher CPF contribution was introduced on September 1, 1968. In the 10 years since then, contribution rates have been hoisted another eight times. Contributors to the fund have grown from 0.5m to 1.25m.

From July 1, 1978, an employee earning more than S$363 found 33 per cent of his monthly salary going into his CPF account—half paid by his employer, and half paid out of his salary. The monthly payment ceiling becomes S$990—S$495 apiece from employer and employee.

Apart from house purchase, withdrawals are effectively allowed for five reasons: reaching the retirement age of 55; leaving Singapore "with no intention of returning"; physical incapacity; mental illness; death.

In 1977, withdrawals worth S$120.0m were made on these various grounds, with 75 per cent of these being on retirement.

By contrast, in 1977, a total of S$383.5m was withdrawn for the purchase of almost 49,000 homes. A total of 165,709 houses have been bought this way since 1964. Contributions into the fund from the 750,000 active contributors totalled S$1.115bn, taking the cumulative balance due to members of the fund to S$4.954bn at the year's end. Deposits earn interest at 6½ per cent compound, calculated quarterly. With inflation only recently rising to 5.2 per cent, there is an incentive to leave the money where it is. Workers can only withdraw cash for house purchase if the house they want to buy is government built. If you can afford the luxury of a privately built home, the Government assumes you can afford to pay for it out of your own pocket.

By August this year, the CPF had total assets of S$5.56bn, with S$5.232bn of that invested in government stocks—making up 67.2 per cent of the Government's domestic loans. The overall yield on the stocks is around 6.2 per cent, which means the Government is currently able to finance much of its spending 2 per cent more cheaply than it could if the money was borrowed from the World Bank.

The system of forced saving under the CPF scheme seems to have imbued Singapore's workers with the savings habit. Many have been shocked by the speed at which their CPF deposits build up, and have been impressed by calculations that many will "retire" at the age of 55 as S$ millionaires. Savings in the recently established Post Office Savings Bank are booming, and the banks have not yet reported any adverse effects on their business.

Amid considerable controversy, the CPF recently sanctioned a new use for deposits: when the Singapore Bus Service (SBS) announced plans to float a S$20m stock issue to improve the public transport system, the CPF said it would allow contributors to use up to S$5,000 apiece to buy Singapore Bus Service shares.

The share offer was oversubscribed about 27 times, prompting some stock market experts to query whether the issue had been under-priced. When the new shares were distributed, at 500 per person, it was found that S$18.4m of the shares were paid for out of CPF coffers.

CPF General manager, Robert Iau, carefully warned that this policy departure did not imply that contributors would in future be able to use their deposits for stock market speculation: the Fund Managers claimed that the Singapore Bus Service share issue was an exceptional and particularly "worthy" cause.

"In view of Singapore's limited road network, we urgently needed an efficient transport system; and we urgently needed to encourage its use and efficient administration," said Robert Iau.

"We felt that it was the ordinary working man who should be given a look-see in the running of his own public transport system. And that made the SBS a very special case. At the present moment, we don't envisage any similar ventures."

New investors in SBS will, as a "reward," get a concessionary bus pass, giving them travel throughout Singapore at reduced rates on public transport. But they will not be able to resell their shares on the open stock market: when they sell up, their cash has to go back into the CPF acount.

The only problem which seems likely to arise for the CPF is a long term one: what happens when Singapore's predominantly young labour force starts to reach retirement age in large numbers: some speculate that the drain on the coffers will be too huge to handle. But since the dilemma is unlikely to peak for 20 years yet, general manager Robert Iau refuses to contemplate it. Like "making a fast buck" for the CPF and its members.

D.D.

Singapore Airlines

SINGAPORE AIRLINES is the national flag carrier of Singapore and one of the fastest growing airlines in Asia.

According to Mr. J. M. Pillay, the SIA chairman, the airline ranks 24th in the world in terms of passenger kilometres flown, but second after Japan Air Lines in the Far East (although, Mr. Pillay adds, Korea might dispute the second part of that claim). SIA has been increasing its annual production by an average of 28 per cent a year since 1972—the year when its predecessor, Malaysian Singapor Airways, was dissolved and SIA formed.

In terms of actual loads carried annual growth has been of the order of 33 per cent, with the difference accounted for by a steady improvement in load factors.

This ranks as a fairly remarkable achievement given that the early years of SIA's progress coincided with the aftermath of the oil crisis—a period in which other airlines were marking time. SIA, in fact, appears to have taken a calculated gamble on the feasibility of raid growth around 1972, and won handsomely. The turning point in the airline's progress was the decision, in 1972, to order Boeing 747 jumbo jets at a time when it was doubtful whether there would be enough passengers.

SIA's fleet consists of seven jumbos, six Boeing 727s and eight 707s—a far cry from the fleet of five 707s and five 737s (together with some smaller aircraft) with which it started business in 1972. The existing fleet, however, is due to be modernised and extended in the near future, notably by the replacement of all seven jumbos with a new generation of improved 747s with more powerful engines.

The decision to replace the existing 747 fleet, with some additional fleet expansion, enabled SIA to announce last May what it claimed was the largest order for aircraft ever placed by a commercial airline. The order was worth $900m and included 13 new 747s, six 727s (some of which are on option). The SIA order made headlines in U.S. newspapers at a time when the airline was starting preparations for a new transpacific passenger route (due to open next April).

SIA's ambitious aircraft purchasing programme has saddled the airline with a fairly heavy debt repayment schedule which is one reason why the break-even load factor has risen steadily in the past few years. It now stands at somewhere above 60 per cent. Actual load factors, however, have risen steadily (to 68 per cent in fiscal year 1977-78) so it would appear that SIA's prescription for growth is a sound one.

Mr. Pillay attributes his airline's rapid progress to two factors: the first, and probably most significant, is the focal position of Singapore in international communications. The island is on what the British call the imperial route to Australia and the Australians call the Kangaroo route to Europe, Mr. Pillay points out. It is also a stopping-off place for practically every regional airline in South East Asia and for U.S. airlines flying the Pacific. Because so many foreign airlines call at Singapore (a total of 30 at the last count) SIA has ample leverage for acquiring traffic rights in Europe and the U.S.

Mr. J. M. Pillay, Chairman, Singapore Airlines.

The growth of SIA (or rather of its predecessor Malaysia Singapore Airlines) really got under way when it became possible in the 60s to start making full use of this accumulated bargaining power. A turning point in the process would seem to have been the acquisition by the Singapore and Malaysian Governments of equity in the airline which had previously been held by BOAC and Qantas, two of the major airlines on the London-Australia route and important competitors for SIA in the region.

Mr. Pillay stresses the fact that the BOAC and Qantas involvement in Malaysian airlines was in many ways beneficial. It meant that "we had a long apprenticeship in how to run an airline before the time came to manage on our own." On the other hand it would seem that both SIA (and its Malaysian counterpart Malaysian Airline System) have benefited from being their own masters since the late 60s. A pointer to this fact is the growth of the SIA network, from 19,000 kilometres in 1965 to 83,000 kilometres in 1973 and 130,000 kilometres today.

The second factor behind SIA's growth has been its emphasis on service. Mr. Pillay claims that this is an all round stress and not merely a matter of pampering SIA passengers with lavish in-flight service provided by attractive hostesses. SIA's advertising concentrates on the "soft image" Mr. Pillay admits, but the airline is actually dedicated to a concept of total service which includes punctuality and reliability, good check-in and ticketing services. This is not the same thing, Mr. Pillay says, as the "gimmickry" practised by some other airlines.

Plans

SIA's plans for the future include the expansion of trans-Pacific routes from the four flights per week with which the service will start next year, the possible opening of services to the South West Pacific (Port Moresby, Fiji, etc.) and, when a number of existing problems have been sorted out, the operation of a Concorde service between London and Singapore in partnership with British Airways. Concerning the notoriously unprofitable Concorde, Mr. Pillay says that the aircraft will make a profit if it is flown for seven hours a day with a 60 per cent load factor, and SIA expects to achieve this. The Concorde will also be "good for the prestige" of SIA and the region.

SIA is 100 per cent owned by the Singapore Government and tied in to other official institutions through its management structure (Mr. Pillay, for example, doubles as one of the permanent secretaries at the Ministry of Finance.) As an economic asset to its home country there can be no doubt about SIA's importance. The airline contributed 3 per cent of Singapore's GDP in 1977 and earned more than half of the net increase in Singapore's foreign reserves during the same year. Most important of all, SIA flew to Singapore no less than 40 per cent of the tourists who visited the island in 1977. Mr. Pillay says SIA's function is not primarily to serve the economic interests of Singapore, but to provide a service to its customers. For most of its six years of existence the airline seems to have managed both.

C.S.

Jurong Town Corporation

THE JURONG industrial estate in the south-west of the island of Singapore is a monument to the Government's determination to create an industrial sector as the only solution to Singapore's employment problem as the country became independent. Singapore had a work-force of 500,000 of whom 80,000 were unemployed when British control over Singapore's domestic affairs ended in 1959. Today 25 to 30 per cent of the workers at Jurong (and at other industrial centres around the island) are "guest workers" from Malaysia, with others shortly due to arrive from Thailand.

Singapore's good communications and political stability plus the generous tax incentives offered to foreign investors are three major reasons for this transformation. The fourth reason has been the Government's ability to provide a continuous supply of well-equipped industrial land at very reasonable prices.

The problem of providing jobs was one of two major headaches which Singapore faced at independence and like the other major problem on the Government's plate (housing) was initially tackled by the creation of a special development board. Officials at the Economic Development Board (EDB) who were given the task of increasing the supply of jobs, quickly concluded that industry at that time accounting for only 4 per cent of Singapore's GNP was the sector to develop. They also concluded that Jurong, given the existence of prior claims to most of the rest of Singapore's land area, was the place to develop it.

The EDB started buying land in the Jurong area from the Government in the early '60s and was soon in a position to offer sites to textile manufacturers from Hong Kong and Taiwan who were seeking new manufacturing bases after encountering quota restrictions on exports from their home countries. The Malaysia period, when Singapore was a member of the Federation of Malaysia, produced a flood of manufacturing investments aimed at import substitution. Though this was followed by a disquieting lull after Singapore pulled out of the Federation in 1965.

In 1968, Britain's decision to phase out its military presence meant that Singapore was confronted with a new spate of employment problems but by that time Jurong was beginning to take off. The deep water sites on the state's coastal strip attracted investors from the Japanese shipbuilding industry which was seeking a location in which to establish ship repair facilities to balance its own emphasis on the building of big tankers. By the early '70s multinational companies were beginning to see that Singapore was good place to locate factories aimed at world markets (not merely regional ones) and investment commitments were coming in at the rate of over S$500m a year.

The EDB, succeeded by the Jurong Town Corporation which took over responsibility for industrial estate development in 1966, has borrowed over S$2.1bn from the Government to purchase and develop land in Jurong since the early '60s. Purchasing has presented no real problem thanks to a land acquisition ordnance (introduced after independence) which gives the Government, or a statutory corporation, strong powers vis à vis individual landowners.

Development at first involved a considerable amount of land reclamation since much of Jurong was a tidal swamp before the scheme was launched. By far the greater part of the work was completed before the oil crisis drastically increased the fuel costs involved in shifting large amounts of soil.

The JTC, which remains the sole owner of Jurong's 15,000 acres of industrial land, lets factory sites (or ready made factories) to investors at 6 per cent per year of the cost of acquisition and development. Its contractors give it the right to increase rents by up to 50 per cent (ie to 9 per cent of the original development cost) after the first five years and by another 50 per cent after ten years. Since the JTC borrows money from the Government at interest rates of between 7.25 and 7.75 per cent land is in effect being let to new occupant at subsidised rents.

Investments

Ultimately, however, JTC can normally expect to recoup handsomely its investments—besides being the owner of land which is appreciating hugely over its original acquisition price. The JTC owed the Government S$1.2bn in its last fiscal year and spent rather more than half of its income during the same year on servicing its loans. The corporation, however, has not had to borrow in order to finance interest payments. So far as its long term future is concerned it is clearly sitting on a gold mine.

The Jurong estate, now contains 820 factories employing 25,000 housing units which the JTC built because workers were having to travel too far from other parts of Singapore to Jurong.

In the first years of the projects life the lack of housing meant that there were unfilled vacancies at Jurong despite the existence of unemployment elsewhere on the island.

The JTC is trying to "humanise" the estate by providing amenities such as parks sports stadia, and skating rinks, but labour turnover remains high and it may be years before the estate becomes a rounded and self-sufficient community.

Jurong is not the only place in Singapore where industrial development is under way on Government estates. The combined total of other estates (also supervised by JTC) now houses 760 companies with a total of 90,000 workers and more can still be developed along the north-east coast of the island facing the deeper portion of the straits of Johore. Mr. Teh Cheang Wan, the chairman of JTC, says some of the ideas for Jurong came from Britain's new towns, but quite a number of others were thought up by Singapore's own planners in the early 60s. Anyone who wants to copy Singapore will have to ensure, he says, that it starts out with a strong land acquisition ordinance. Otherwise land costs may go through the roof as industrialisation proceeds.

C.S.

Neptune Orient Lines

NEPTUNE ORIENT Lines, created in 1968 as Singapore's national shipping line, took eight years to struggle into profit. But after three successive years in the black, the top management is alive with talk of expansion.

In February this year, the company for the first time started shipping between Asia and the West Coast of the U.S. It has five container ships currently under construction—all of them to be ready by 1980—to serve this new route. Plans are also mooted for a new service to West Asia—what Europe tends to call the Middle East.

It is difficult to underestimate the psychological relief when profits were announced for the first time in 1976. In the harshly competitive world of Singapore business, lame ducks are left to die—even 100 per cent Government owned companies like Neptune Orient.

"The company's General Manager, Mr. Lua Cheng Eng, claims there were special reasons for Neptune Orient's slow climb to profitability. First, it was etablished with next to no foreign help or expertise—which meant learning lessons the hard way. Second, within two years of starting operations, the world shipping industry was overrun by the container revolution.

"We had barely had time to learn about traditional shipping when the container revolution occurred," Mr. Lua said. "The changes took place so fast—not just in terms of containerisation but also in terms of management style. It became essential to work through a consortium."

Neptune Orient Lines was incorporated in December, 1968, with an authorised capital of S$100m. Even though the company was Government-owned (through the Government-holding company Tamasek), it was clear from the outset that it could expect no special favours. It would have to make a profit like any other company, and would have to tender for business—including any Government contracts—in the normal way. If a client wanted a Government guarantee, Neptune Orient was to be charged by the Government on a full commercial basis.

With these ground rules clear, and expert advice from a senior manager from the National Shipping Company of Pakistan, the company bought a nine-year-old 12,000 dwt general cargo ship from Germany's Hansa Line. The ship was christened Neptune Topaz.

In under 10 years, the Neptune Orient fleet has expanded to 26 ships. It has six fully cellular container ships, one roll-on roll-off container ship, four dry cargo liners, ten Freedom vessels for bulk cargo, two product tankers, two crude oil carriers and a VLCC (very large crude carrier). The fleet comprises a total deadweight tonnage of just over 750,000 dwt. All but the container ships are chartered out.

In 10 years, fixed assets have grown from S$49m to over S$490m, while paid up capital has jumped from S$10m to S$75m.

Another five 16,000 TEU fully cellular container ships are now under construction in Japanese yards and are due to come into service by mid-1980. These ships will boost the total fleet size to almost 1m dwt.

From the outset, the company made a policy decision to stay out of "local" shipping—for example, between Singapore and its ASEAN neighbours (Thailand, Malaysia, Philippines and Indonesia).

But, exploiting Singapore's strategic position on the shipping route between Europe and the Far East, Neptune Orient negotiated a "junior partnership" in the Far Eastern Freight Conference, and set up a line between (in Asia) Busan, Tokyo, Kaohsiung, Hong Kong, Port Kelang and Singapore, and (in Northern Europe), Southampton, Hamburg, Bremen, Rotterdam, Antwerp and Le Havre. This was the first shipping link established between Singapore and Europe.

In 1970, a line was opened with Australia. But the company's third line—with the U.S. west coast ports of Long Beach and Oakland—was not set up until February this year. Four container ships currently run every nine days from Yokohama, Osaka and Busan in Asia, but by mid-1980 they will have been joined by another five ships which are now under construction.

When Neptune Orient made the decision to open links with the U.S. it was at the same time considering a fourth route—with West Asia. These plans have been shelved for the time being, but Mr. Lua implies that they are unlikely to be shelved for long.

Both the European and Australian lines are now running profitably. The company said that it was still too early to confirm a profitable year for the new American line, but was nevertheless "satisfied" with business so far.

The world's shipping companies have had a hard time during the trade slump spanning the past five years. But Neptune Orient has survived comparatively unscathed: no ships have had to be laid up. On the contrary, the company has been able to buy new ships at bargain basement prices from companies in greater difficulties.

"We believe that times of adversity are also times of opportunity," Mr. Lua said wryly. "I don't know whether to call it luck, foresight, or what. We are not operating in the worst affected sectors—with tankers, LNGs and Bulk Carriers. But we would have been badly hit if we had not rationalised and containerised fast enough. Even as we are, growth has been slow."

Mr. Lua claims that he and his company have managed to reconcile themselves to the inevitability of slow growth. For that reason he is reasonably optimist for the future.

"Our figures are slightly better this year than last," he noted. "So we hope that we are at last coming up from the bottom."

D.D.

A centre for communications

IF THERE were ever a city made by geography, Singapore is it. When Sir Thomas Stamford Raffles stumbled upon Singapore in 1819 he saw immediately the enormous potential in what until then was an obscure fishing community inhabited by a few hundred Malays. Situated at the far end of the Straits of Malacca, the tiny island could command all the major sea routes in South East Asia, and Raffles set out to make sure it did.

Today Singapore's strategic location is the basis of its very political independence. As the transport and communications centre of a region encompassing the entire Indonesian archipelago and the Malay peninsula, the republic is indispensable to the economic aspirations of both Malaysia and Indonesia, two of its partners in the Association of South East Asian Nations.

Both are jealous of Singapore's progress and traditional racial emnity makes that jealousy volatile. But as long as the republic remains committed to the ASEAN regional concept, and knowing what Singapore can offer, its detractors realise that co-operation is much the best policy.

As in Raffles' day, the centre of Singapore's communications network is its harbour. In 1977 the port of Singapore handled more than 64m tons of cargo, making it the fourth largest in the world. During that time some 41,000 vessels arrived and departed.

Over the past several years the pattern of Singapore's coastal and international shipping has changed considerably, with containerisation making firm inroads into conventional traffic. The port of Singapore Authority expects container traffic to increase at a 25 per cent annual rate over the next few years.

Along with this growth, transhipment container traffic has also shown good gains. In 1977 this transhipment traffic accounted for 38 per cent of all containers handled.

Despite rising protectionism in West Europe and North America, prospects for Singapore's export growth, and with it an increase in shipping, are favourable.

The ASEAN Preferential Trading Arrangement and the possibility of trade liberalisation with Japan have convinced local authorities that any losses in the West can be offset.

Singapore is also a regional and international aviation crossroads. Paya Lebar airport currently handles about 5m passengers a year, making it the busiest in South-East Asia. While Paya Lebar has recently been expanded, it will soon give way to a totally new facility, presently under construction at Changi on Singapore's east coast.

The Changi airport, now set to begin operations in early 1982, will cost some S$1.6bn, and represents one of the most massive construction projects ever undertaken on the island. It involves not only land levelling, the diversion of a river and the resiting of a sewerage system, but also the dredging of a large seabed area, which could lead to creation of a new deepwater port.

Changi will be able to handle 20m passengers a year and 80 aircraft movements an hour, four and three times as much respectively as the Paya Lebar facility. Its opening will coincide with the first deliveries of the 13 747s and six 727s Singapore Airlines ordered from the Boeing Company, in what for a time was the largest commercial aviation purchase in history.

A major impetus for Changi's construction came from projections that by the end of this decade Singapore could be playing host to 2.5m tourists a year. Tourism earned Singapore almost S$1bn in 1977 and accounted for fully 6.2 per cent of gross domestic product.

Success

The tourist boom has spawned massive hotel building plans, with 2,500 new rooms now under construction and another 3,000 under consideration. By the early 1980s, the republic is expected to have some 16,000 hotel rooms in all, more than any city in Asia except Tokyo.

With no well known natural or historic sites and a lack of any distinctive cultural heritage, the growth of the tourist industry is a testament to the success of the Singapore Tourist Promotion Board in portraying the republic as all things to all people.

In Japan, for example, Singapore is sold as a safe haven in a region supposedly replete with street crime. Indonesians, who comprise the largest group of visitors, view it as a one-stop supermarket, where they can pick up the kinds of luxury goods difficult to acquire at home. In Europe, Australasia and North America, Singapore is "instant Asia," a handy amalgam of Chinese, Malay and Indian cultures where the streets are clean and nearly everyone speaks English.

Officials have voiced some concern that the recently announced decision by Britain and Australia to reduce air fares between the two countries could have a serious impact on Singapore's tourist traffic. The fare reduction will effectively eliminate Singapore as a budget stopover for Australians en route to or from Britain, and with Australians accounting for more than 14 per cent of Singapore's tourist traffic, at least superficially, the fears would seem to be justified.

However, Australia seems committed to lowering airfares across the board, and if cheaper flights were instituted to South East Asia as has been suggested, in the long run Singapore stands only to gain.

Aside from the Changi airport project, the major focus of construction work in Singapore is focused on land reclamation with S$2bn in work now underway.

The most important scheme is in the east coast area, where 1,500 hectares have already been reclaimed. Due for completion in 1980, the east coast project will include a new satellite town, with modern highways linking the extreme east coast and the western part of the island.

Smaller land reclamation projects are also proceeding in other areas of Singapore. They include the construction of two new channels to yield marine land with sea frontage for the shipbuilding and repairing industry.

System

Another construction project currently under active consideration is a proposed S$4bn underground mass transit scheme. The system was not scheduled to get underway until the late 1980s, but faced with mounting late afternoon traffic congestion, authorities have moved planning forward.

One of the factors behind the decision to speed up the timetable was the renewed demand for private cars, and the mixed results of the area licensing scheme, which seeks to limit traffic in the central business district. In the long term, a mass transit system is viewed as essential for Singapore: by 1990 it is projected that the working population will total 1.8m, which means that based on current trends, demand for public transport will be 2.3-2.6m passenger trips daily.

Financing for the mass transit project would most likely come from a combination of loans from foreign sources and bonds purchased by the Central Provident Fund. Private participation through share issue is also a possibility.

P.W.

Intraco

THE TROUBLE with most of the business ventures set up by the Singapore Government in the past decade is that they have been too successful—or at least too successful for the liking of private business.

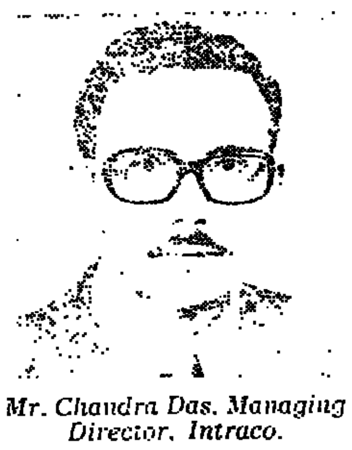
Intraco, which celebrated its tenth anniversay earlier this year, is an exception. It has not developed into Singapore's answer to the Japanese General Trading Company, as the Deputy Prime Minister, Dr. Goh Keng Swee, evidently hoped when he proposed its formation.

Its turnover of roughly S$100m. per year is less than the before-tax profits of some of the major private sector trading concerns and its overseas branch network (after the closure or "redevelopment" of offices in such places as Sydney, Moscow and Dusseldorf a few years ago), is minimal.

Markets

Even so, it can be argued that Intraco (its name is short for International Trading Company) has done something during the past decade to establish markets for Singapore-manufactured goods in major overseas markets (including Communist ones).

According to Mr. Lam Peck Heng, Intraco's planning and development manager, Dr. Goh suggested the formation of a Japanese-type "shosha" or general trading company in Singapore after travelling the world during the mid-sixties and noting the numbers (and



Mr. Chandra Das, Managing Director, Intraco.

persistance) of Japanese Trading Co. men in the countries he visited.

Intraco is owned to the extent of 26.6 per cent of its shares by the Government holding company, Temasek holdings while another 15.4 per cent is in the hands of the Development Bank of Singapore.

The company was intended to spearhead the export of Singapore products in unfamiliar markets, in much the same manner as the big Japanese trading companies have done for Japanese goods. To that end a powerful overseas branch network was originally envisaged, but the plan to create a Japanese-type "shosha" in Singapore failed, as Mr Lam now admits, because the Government failed to take account of certain essential preconditions for success.

Japanese manufacturing companies use "shoshas" to sell their goods overseas—either because of force of tradition, or because they lack the language skills needed to do their own overseas selling, or because they are themselves members of the same loose-knit business groupings as the "shoshas."

In Korea (where Japanese type "shoshas" have been successfully established), manufacturers have been forced to use general trading companies because the latter have been accorded foreign exchange and travel privileges denied to industry.

The Singapore government failed to support Intraco with the network of controls and restraints which has bolstered the position of Korean general traders. The result was that the company had to compete on its own merits with other importers and exporters.

Intraco today exports some S$40m to S$50m worth of Singapore manufactured goods per year (about half its turnover), but finds difficulty in keeping the "loyalty" of manufacturers whose goods it is selling (given the natural tendency of exporters to try to cut out the "middle man.")

Its clients, generally speaking, do not include the big multinationals which have chosen Singapore as a manufacturing and sales base. They tend to be smaller and more local companies and Mr. Lam is frank enough to admit that pushing overseas sales on behalf of such companies is not particularly profitable.

Intraco would probably be better off importing Western consumer goods into Singapore than trying to sell Singapore goods in the West, but this is not part of its business.

Despite failing to live up to the hopes of its creators, Intraco serves a number of useful purposes (apart from that of earning a reasonable profit for its shareholders).

Possibility

It frequently provides the channel for initial trading contacts between Singapore and another country (a case in point could be Vietnam, where there is a strong possibility that Intraco may shortly open one of its few overseas branches). Intraco has also been successful in diversifying Singapore's sources of imported raw materials (for example, by opening up the South Pacific as a source of copra supplies).

Last, but not least, it helps to keep the price of rice stable by managing (for a fee) the Government's rice stockpile.

With these varied functions, Intraco can be said to earn its keep as one of Singapore's semi-Governmental companies, but it has yet to develop into the powerful overseas marketing tool that was originally envisaged.

C.S.

Development Bank

THE DEVELOPMENT Bank of Singapore (DBS), like Jurong Town Corporation, is a "child" of the Economic Development Board (EDB), the all-purpose industrial development organisation set up when Singapore become self-governing. From its birth in the late fifties until a decade or so later the EDB provided the money for Singapore's industrial development effort besides buying the land and building the factories needed. By 1968 these tasks had clearly become too diverse for one organisation to perform, so the decision was made to hive off the financing function to a specially created development bank.

Singapore sought the advice of the World Bank and was advised that S$15m would be an appropriate amount of capital for the new bank. The chairman of EDB, Mr. Hon Sui Sen, who also became the first chairman and president of DBS, decided that S$100m would be a more appropriate figure. DBS thus started life with more resources than development banks in neighbouring countries. It also grew faster—so fast, in fact, that by 1977 the bank had become Singapore's third largest in terms of assets, with every prospect of moving further up the league table within a short time.

Retail

Although founded to perform the function of a development finance company, with the emphasis on providing long-term finance for industry, DBS was also licensed from the start under the Singapore Bank Act. This meant that there was nothing to prevent it moving into the retail banking field as and when it chose. In its early years DBS did not in fact choose to take on the local banking competition. It maintained only a single branch in downtown Singapore for the first three years or so of its life, and opened deposit accounts only for customers who were already making use of its long-term loan facilities.

The situation began to change around 1970 when Singapore emerged as a base for offshore banking and DBS decided to go for a share of the action. The bank initiated the Asia-dollar bond market in Singapore by floating the first U.S.$ 10m issue on it (it has since managed or co-managed a majority of such issues). Around the same time DBS began moving directly into the retail banking field by establishing a network of branches in Singapore (it now has twelve whereas Overseas Chinese Banking Corporation, the largest local bank, has 17). DBS "went international" in 1977 when its Tokyo representative office became a full branch. It may also decide to open branches in London and New York.

The difference between DBS and the other leading Singapore banks is that the former continues to stress long-term lending to industry rather than the more conventional varieties of short-term lending. DBS's management strategy means that "We do not necessarily choose our investments on the basis of the highest immediate return," according to Mr. Patrick Yeo, vice-president.

This in turn means that the bank relies rather more heavily on long-term sources of finance than its competitors. With one exception DBS is the only local bank to have tapped Singapore's rapidly growing capital market. It has also raised loans from organisations such as the Asian Development Bank and the World Bank. Finally, it has enjoyed exclusive access (until recently) to Government credit lines designed to assist small industry and to finance ship exports.

DBS has helped the Government by taking equity participation (and/or making loans) in projects which the authorities are especially anxious to promote. A case in point is the banks' modest equity stake in Petrochemical Corporation of Singapore the joint venture between the Singapore Government and a group of Japanese chemical companies which is to build a petrochemical complex on an offshore island.

In other cases, however, the bank has acquired equity in new ventures on the basis of strictly commercial criteria. An example here is the 12.5 per cent DBS stake in Yaohan Singapore, the Japanese department store group which is in the process of establishing a highly successful supermarket chain in shopping complexes financed by DBS's real estate department. Yaohan Singapore may eventually go public, which will mean a dilution of the DBS stake in the company. In general, however, it is not DBS policy to sell out to private investors once it has helped to bring a new project to the stage of profitability.

DBS itself is owned jointly by the Government and private enterprise with 49.2 per cent of its shares held by Temasek Holdings (a Government holding company) and about 10 per cent in the hands of commercial banks. The company is tied in through its management structure to the Government's economic decision-making process. The DBS chairman (succeeding Mr. Hon Sui Sen, who resigned to become Minister of Finance) is Mr. Howe Yoon Chong, a typically versatile Singapore civil servant whose other jobs include being head of the Prime Minister's office and chairman of the Port of Singapore Authority.

It all adds up to a powerful tool for the promotion of Singapore's economic development—and to some very tough competition for the local banks.

C.S.

The Italian Prime Minister is due in London today.

An alliance of the weak

By PAUL BETTS in Rome and RUPERT CORNWELL in Milan

Mr. Callaghan welcoming Sig. Andreotti in Downing Street during his visit in 1977: then, as now, upon Sig. Andreotti's return to London, there were many problems in common.

LIKE ST. AUGUSTINE, who wanted to be good but not quite yet, Italy and Britain appear to have similar sentiments towards European Monetary Union. At least, that is probably the growing impression in Bonn, which must be viewing, as do the French, with some measure of apprehension the talks in London today between Mr. James Callaghan, the British Prime Minister, and Sig. Giulio Andreotti, his Italian counterpart.

The talks could not come at a better time for Italy, barely 12 days before the European Council in Brussels, although, as often happens in these cases, the timing is largely a matter of coincidence. Since the European summit in Bremen last July, Sig. Andreotti has renewed on numerous occasions his country's strong political commitment to monetary union. However, despite these declarations of political goodwill from a country which has generally a good European track record (and certainly a better one than Britain), disenchantment has been spreading in Italy during the last few weeks with the monetary proposals so far tabled by West Germany and France.

The distaste voiced in Britain for the envisaged European Monetary System (EMS) has reinforced Italy's negotiating position as well as providing Sig. Andreotti with a possible facesaving reason for not joining in the initial stages. In any event, an alliance between Italy and Britain at this late stage of the current negotiations will clearly enable Italy to ask and perhaps even secure certain terms from the Germans, which might have appeared unrealistic and unobtainable up to some weeks ago, making monetary union more attractive in Rome.

Alternatively, if Italy's requests were not largely met and Britain decided to stay out, Sig. Andreotti could quite honourably claim that monetary union represented too great a risk for his country at this particular time.

From the beginning there has been a wide convergence of views between Italy and Britain. Sig. Andreotti shares Mr. *Callaghan's objection to the* inequitable system of contributions to the EEC budget. Although it is, after Ireland, the poorest member of the European Community and hence should be a net beneficiary of the budget, Italy risks becoming a net contributor.

Throughout the consultations Italy, like Britain, has laid particular stress on the so-called "concurrent studies," including a reform of the Common Agricultural Policy (CAP), *to realign the net receipts and* net contributions of individual countries. Italy *is also* pressing for a CAP more favourable to Mediterranean products. It has asked for firm commitments, originally agreed in principle by the Nine at Bremen, for substantially increased transfers of resources and expanded credit facilities to help countries in relatively weak economic situations to participate in the EMS.

Dr. Paolo Baffi, the Governor of the Bank of Italy, spelt out his country's position quite explicitly on two recent occasions at the annual congress of Italian foreign exchange dealers and before a Senate finance commission. In his two addresses, he referred to three *preconditions for Italian membership* in the new system: a greater exchange rate flexibility than the 2.25 per cent margin of the existing snake: an adequate *rescue fund to protect* currencies from eventual speculative pressures; and a transfer of resources to weaker economies. He claimed it was "unthinkable" to barter an untenable agreement on exchange *rates for broader credit* facilities.

Divergences

It is perhaps on this last point that there are divergences between Italy and Britain. Dr. Baffi has declared in public that a rigid monetary system was "in no way compatible" with the differentials in inflation and interest rates which now existed in the Community. The Italian monetary authorities have been asking for a wider 6 per cent to 8 per cent margin for those countries which cannot afford to join immediately a narrower snake. The Germans and French initially accepted for countries in the position of *Italy a margin of* 4½ *per cent.*

On Monday the Community finance ministers at Brussels agreed to give Italy the wished for 6 per cent margin giving a total band of 12 per cent, but it remains to be seen to what *extent that will bind their* heads of government. Italy, in any case, is still holding out for the "concurrent study" of a transfer of resources and of the farm policy of the EEC.

A wider—and in practice *downward-moving*—band would probably enable Italy to pursue its current policy of steering the lira along a managed down-float, *allowing the Italian currency* to depreciate against the other European currencies without suffering speculative attacks at the same time as delaying any eventual adjustments to the central rate. It is in part as a result of this policy that Italy's balance of payments has made a remarkable recovery with an envisaged surplus of some U.S.$5bn this year. The lira has depreciated against the *currencies of the other Community* countries, Italy's major trading partners and, together with Japan, also its major *export competitors in third* markets, making Italian exports more competitive. But it has not depreciated as quickly as *the U.S. dollar, with obvious* advantages to a country which imports some 60 per cent of its annual raw material requirements.

The impressive improvement of the balance of payments is also the consequence of a whole battery of fiscal, monetary and administrative measures to stabilise the lira following the *lira crisis of 1976. The purpose* was to put an immediate squeeze on domestic consumption and on growth, which has averaged barely 2 per cent during the past two years. While there has been a reduction of the rate of inflation which was running at more than 22 per cent per annum 18 months ago, the contraction of growth has not been enough to reduce inflation to the respectability of single figures. This is another argument the Italians put forward *for a more flexible snake mechanism,* since, according to the Government's most optimistic targets, inflation is likely to remain at 12 per cent next year, drop to about 10 per cent in 1980, and eventually to some 8 per cent in 1981.

These inflation targets, however, depend in large measure on the response of the trade unions to the Government's proposed three-year (1979-81) economic recovery plan which is to lay the basis for sustained and stable growth in coming years. Together with fundamental reforms to reduce Italy's ever expanding public sector borrowing requirement, the plan hinges on the unions accepting an incomes policy designed to prevent any real increases in wages during the next *three years.*

When it first presented its programme in September, the Government said it represented "a choice to stay in Europe." There is a serious risk that an Italian decision to stay out of the EMS may prompt the unions to consider the sky is the limit in the imminent round of wage negotiations involving some 10m workers. Equally there is a danger that Italy could join without first securing consensus on key wage restraints.

In Milan, the country's economic and industrial centre, by temperament, history and geography close to the European heartlands of the North, the dilemma takes on its sharpest form. The inclination to join the system is perhaps stronger there—but so is the daily reality of the difficulties *facing Italy, masked only to a* small degree by the dramatic recovery of the external accounts.

The warning signs are there for all to see. Earlier this month the risk of the moderate stance of union leaders being undermined by a militant shopfloor was dramatically underlined by the election of officials, roughly corresponding to shop stewards in Britain, at the Arese plant of the state-controlled Alfa Romeo car group.

Workers at Alfa Romeo, which lost L98bn (£60m) last year, are hardly in the position to indulge in a trial of strength similar to that of Ford of the UK. Yet the elections demonstrated a sharp increase of support for so-called autonomous or non-aligned unionists, whose aggressive line on strikes and pay has deeply embarrassed the more *orthodox leaders of the big* unions. Scarcely a voice is to be heard in Milan speaking up for Italian membership of the *EMS on any other than the* most flexible of bases, which would in practice entail little change from the country's current ability to manage the lira independently.

Under pressure

Sig. Andreotti is also coming *under pressure from the main* Left-wing parties, the Communists and the Socialists, on whose support rests the survival of his minority Christian Democrat administration. The Communists find the present *coalition formula* increasingly uncomfortable for a combination of reasons, not least their apparent loss of electoral appeal, and the challenge now coming from both the union rank and file and and from the left of the party. To make matters more difficult, the Socialists have in recent months openly challenged the Communists by questioning the entire ideological position of the far larger Communist Party.

With a whole series of disagreements at various political, cabinet and trade union levels threatening to undermine the delicate Italian political equilibrium, Sig. Andreotti can hardly ignore the position of the left wing parties on monetary union. Although both Communists and Socialists, unlike the British Labour Party, have committed themselves to Europe in what amounts to an act of faith, they *are extremely hesitant about the* proposed EMS. The Communists do not like the idea of a system "prefabricated by the French and the Germans," while the Socialists say Italy should not join without Britain. The technical argument, shared by the monetary authorities, for not participating without the UK is the fear that if sterling *remains outside, the lira would* have to take the brunt of any speculative attack, eroding in a matter of weeks the spectacular recovery of foreign currency reserves now amounting to nearly U.S.$10bn.

Moreover, a downward adjustment of sterling and the lira and an upward movement of the Deutsche Mark in a nine-country EMS could be passed off politically as a realignment. But if the lira alone were to move down it would clearly be a devaluation costing Italy face.

In any event, Italy, like Britain, wants to see an effective system of obligatory intervention in the new snake based on the ECU basket. This would force the currency diverging from the Community average—which in most cases would probably be the D-Mark—to bear the burden of whatever support measures prove necessary. Such intervention would *take place before bilateral limits* within the new snake were reached. Without Britain, however, the ECU average would clearly be weighted against Italy.

Sig. Andreotti is likely to *throw in all these domestic and* technical problems to secure the best possible compromise he can realistically obtain from *Germany and France. In partnership* with Britain, he could get away with it.

Letters to the Editor

Treasury models

From Dr. Jeremy Bray, MP

Sir,—Your leader (November 16) on the forecast recently published *by the Treasury under the* provisions of my amendment to the Industry Act 1975, suggested that I have greater faith in the *accuracy of model-based* forecasts than does the Treasury itself. On the contrary, I have sought constantly to get the *Treasury properly to appreciate* the errors of its forecasts. My amendment required the Treasury to publish assessments *of the errors of their forecasts.* This I put in, not to humiliate the Treasury, but because, as the Treasury now say themselves, "*the use that can be made of* forecasts must depend on some such assessment."

I am all for the "judgment" you advocate as well as mathematics: it is indispensable. But what would you think of accountants or engineers who found accounts and stress calculations too strenuous, so merely gave their "judgment" that a company was solvent or a bridge would not fall down? "Judgment" used to excuse shoddy mathematics is as fraudulent as irrelevant mathematics.

Comment on the Treasury forecasts is improving. It is taking the point that the *forecast is only a base for alternative* forecasts on different assumptions. The Treasury though has yet to go the further step of testing how policies can respond as events depart from forecasts and assumptions, as they will do whatever assumptions are made.

The argument on "rules" versus "discretion" needs to be pressed much further. Far from dispensing with models, as some monetarists have suggested (and more specifically Lucas, Sargent and Wallace, and Kydland and Prescott), the effect of expectations, as Chow has shown recently, is to require the more elaborate use of models for the design of policy rules. And we *should* know the limitations of the models. I agree it is the "rule" rather than the "forecast" that we need in this uncertain world, but *it is* not a simple monetarist rule.

The response of the stock market to the publication of the Treasury forecast showed that the market is not too clever in its formation of expectations. After all, the forecast contained no new information, not even about the Treasury's expectations, as commentators were at pains to point out. Had the City and commentators themselves put more effort into the examination of the Treasury model, the forecast would have held no surprises. And *the effort* would be worthwhile because the Treasury forecasts and model have more resources put into *them than goes into all the other* published models and forecasts the City receives, put together.

The Treasury too would be wise to facilitate this examination by making the forecast available in the complete form needed as a base for model forecasts on *alternative assumptions,* as required by the spirit of the Industry Act 1975.

Jeremy Bray,
House of Commons, SW1.

Management of plutonium

From Mr. W. Patterson.

Sir,—Management of the world's accumulating plutonium will be difficult enough without misleading comparisons.

David Fishlock (November 16), cites the International Atomic *Energy Agency to the following* effect: "From 5,000 tonnes of spent fuel is extracted about 30 tonnes of plutonium. The capital cost of storing this plutonium is estimated at $8m, compared with $140m-$280m to store the equivalent amount of spent fuel. Operating costs, put at $1m a year to manage the plutonium, would be ten times as high for spent fuel." Whether these estimates are or are not sound, they do not compare like with like.

The capital and operating costs of storing spent fuel are the total post-reactor cost; but the *total cost of storing separated* plutonium must also include the capital and operating costs of reprocessing, and of management *of the other wastes thus created.* As the Parker Report conceded, such costs are likely to exceed the value of recovered uranium *and plutonium: they may well* do so by a substantial amount. It is entirely possible that the complete comparison of cost will *in fact favour storage of spent* fuel—although, as Mr. Fishlock notes, this option will likewise face other complications.

Walter C. Patterson,
Friends of the Earth,
9, Poland Street, W1.

Consult the operator

From Mr. N. Cragoe

Sir,—If we look at the range of alternatives to pay bargaining in *a free society* we are able to discern many better ways ahead and, to my mind, standing clearly above all others, is the added value type reward scheme. Indeed, a premier American manufacturer, speaking of the introduction of such a scheme into one of his British plants, described it in just so many words as "the way ahead."

Such schemes can be fully audited *over any chosen cost* period wherein increases or otherwise in added value can be shown to have occurred. Invariably, results can be measured in terms of increased productivity, more profit and larger wage packets but the true measure we should seek and which we will always find, is the increased communication and participation between and at all levels, in a factory which alone *enables these other results to be* achieved in the first place while ensuring that they are maintained thereafter.

Indeed, successful added value reward schemes — successful because of these very elements of communication and participation —make Dr. Bullock, Industrial Democracy Acts and all the associated claptrap of worker participation, decision making, *workers on boards, etc., de trop.*

I hazard a guess that if something is wrong on the capstan, the capstan operator is the best chap to consult and the only chap who can put matters right. If something is amiss in the typing pool, the typists and only the typists are the people to correct things. Quite certainly, the corollaries are the case—in each case—and self interest alone points up the wisdom of getting the decisions made by those *best able to make* them, those, moreover, who have the most and immediate personal interest in making the right ones. *Delegation of authority* in this way is not its abnegation but, rather, its reinforcement.

More than a decade's evidence *of government interference* in wages and prices proves conclusively that government can tinker and interfere with things all it likes *but to no* real long-term avail whatever; and suggests further that this will remain so unless and until we become a *totalitarian state.*

The true way ahead is to *restore and underline* both managements' right and the workers' right to negotiate freely between themselves and if *they can be persuaded to do so* on the basis of added value schemes no harm will befall and much good achieved. Perhaps *government should hold the ring* and let us get on with it thus fulfilling what I was always taught was the prime democratic *requirement and the only base* on which democracy can rest.

N. L. Cragoe.
Management and Business *Studies,*
50, Pall Mall, SW1.

Transport policy

From the President,
The British Transport Officers' Guild

Sir,—Colin Jones (Lombard November 8) asserts that "the leaking of the Department of Transport's memorandum discussing whether there should be a public inquiry on lorry weights" will, because of various implications, "kill the idea of an inquiry stone dead."

It would indeed be a pity if this were to happen. We are convinced that, if the inquiry were opened up to include those wider aspects which Mr. Jones notes the Department's officials thought the inquiry should not embrace, or remain a subsidiary interest, it could still go ahead with potential advantage to the national interest.

The article goes on to express certain opinions — I repeat "opinions" — in support of permitting heavier lorries. These opinions are based on certain assumptions relating to: (a) economic growth and its impact on heavy lorry growth: (b) the growth in average lorry capacities (in order to dismiss the impact of rail freight even if it was doubled): (c) UK lorry makers' being able to build vehicles which they could sell at home as well as abroad: and (d) a 40-ton lorry being the same size as a 32-tonner and therefore causing only the same amount of road damage *because the maximum* axle weight would remain the *same* as now (10 tons).

Can we be sure that all these assumptions are *completely* valid? Can we be sure that, to quote Colin Jones's words, "the *economic and environmental considerations point to similar conclusions*"? Similar arguments were put forward, not so long ago, to build the motorways on the cheap with the social and environmental aspects of transport planning too often given short shrift.

There is certainly a need for transport developments to be discussed—there is no doubt about this—but the country must *ensure* that discussions on transport policy are full, realistic and continuous. The joint letter of October 31, signed by the chairmen of the British Road Federation and of the British Railways Board points the direction these discussions should take.

Henry Haydon.
Room 307, West Side Offices,
Kings Cross Station, N1.

Unfair to Beecham

From Mr. R. Eastham.

Sir,—Lex (November 16) commented on the Beecham rights issue that ". . . there were one or two unkind remarks around the City yesterday for a group which has passed up what, in terms of market conditions, were better opportunities *for a* rights issue in the past couple of years (refusing, for instance, to use this as a way round dividend controls). Instead, Beecham *has chosen a time to* suit itself—even though its shares have been under something of a cloud because of difficulties over Amoxycillin patents and prices in the U.S. . . . ."

This criticism seems to us uncharitable, to say the least. In the first place it ignores the fact that Beecham increased the dividend by 200 per cent in 1977 when raising $30m in the Eurobond market. Furthermore, although the share price has declined from a peak of 743p earlier this year, the suggestion that the issue was mistimed ignores the fact that over the 23 years since Beecham last sought additional finances from its equity shareholders, the stock has risen from an adjusted price of only 18p.

R. D. Eastham,
Joseph Sebag and Co.,
Bucklersbury House,
3, Queen Victoria Street, EC4.

The Companies Bill

From Mr. J. Wates

Sir,—It would be a pity if the public debate about a company's responsibility towards its employees were to be clouded by the Companies Bill that is currently before Parliament.

The Bill as currently drawn spells out that directors must have regard to the interests of the company's employees and enables directors to rely on this provision if they are attacked by a disgruntled shareholder. It is reading far too much into the Bill to suggest that it can be used by disgruntled employees to upset British industry.

No manager in industry is going to say he does not have regard to his employees' interests and most will welcome legislative confirmation of this position. With this out of the way, management can then get on with the constructive business of giving financial information to employees comparable to that given to shareholders, of holding meetings to explain annual results to employees and of generally increasing employees' awareness of the realities of industry.

John Wates
(Associate Adviser),
The Industrial Society,
Peter Runge House,
3, Carlton House Terrace, SW1.

Price increase in retrospect

From Mr A. Varney.

Sir,—It may interest readers to know that despite the pledge by the Post Office to keep prices of the main services firm until the end of 1978, it has recently thought fit to announce a price increase on the internal telephone system rentals of nearly 80 per cent, backdated to August 15. The reason given is that this service has become seriously underpriced during the three-year period of price restraint, *much to the consternation of* private sector competitors for similar systems!

Having rented a system in *February, mainly because of a* highly competitive price from the Post Office, we are now called upon to pay nearly 80 per cent *more for our renewal in February* 1979. Surely if the Post Office was satisfied with this price in 1978 how can it be 80 per cent higher in 1979—particularly as it is new equipment and will require very little service, etc., for some years?

Surely this is a price increase in retrospect — which has, incredibly, been accepted by the Price Commission and the Post *Office Users National Council.* I only hope that the Post Office *does not have plans for similar* price rises for other services in 1979!

A. Varney,
Capital Refractories,
35 Wilkinson Street, Sheffield.

Stored energy

From Mr N. Jenkins

Sir,—The reply from Mr. B Halliwell, the general manager of Chloride Silent Power (November 15), accuses me of the technical error of assuming considerable heat input to maintain the 300 degrees C necessary to keep a sulphur/sodium battery operational. And yet several paragraphs later he quotes 1 kW as the heat loss.

As a proportion of the total stored this could be 20 per cent if the capacity is equivalent to the 5 kW referred to in my letter *of November 6.* This could be certainly no more than 6-7 per cent if it starts off as being three times larger at 15 kW. This is, in fact, very misleading. If the 1 kW is continuous then the 48 hours standing period Mr. Halliwell gives could result in a significant loss of stored power. If this is a total of 1 kW-hour-per charge/discharge cycle Mr. Halliwell should have said so—and compared this with the total required.

Another error of what I would regard as *serious omission from* this attempt to reassure us is any reference to the equally important vehicle heating load. Heating is now officially considered an essential to assure full alertness in winter driving. The 1 kW battery cooling output would be quite insufficient, even if we should find it necessary to insulate our vehicles as we do our homes—at a cost of up to six inches in vehicle width?

The omission of comparison data *from Mr. Halliwell's letter* might not have appeared quite so significant without the support from Dr. Gillibrand (also *November 15), who obviously* feels much the same basic doubts as myself. What is the cost one will eventually have to pay for operating a sulphur/sodium compared with lead acid battery vehicle? Is it more or less frequent renewal of the battery, and at what proportionate cost? Is it also a greater or lesser cost per mile in terms of electricity for charging—plus the so far unknown cost per mile *for the 5 kW paraffin heater?*

The need to develop new and better batteries for vehicles is indeed great, our road transport *system may yet largely depend* on it. The achievement so far is considerable and should be acknowledged as extremely valuable and timely. The cost of research and that of this new demonstration project is small and worth while but the point made by Sir William Hawthorne in EP 26 remains valid and so far unanswered: the efficiency of battery vehicles cannot be maximised until heat and power generation in combination (CHP) is acceptable on a large scale. It is this technology that is consistently denied development *funds: some limited* aspects of the thermal insulation integrity of underground distribution mains form the only weak link in otherwise fully proven CHP engineering: £1m spent here on research could ensure rapid and widespread adoption, and the ultimate aim of saving a large proportion of the 76m tons of coal equivalent (at £30/ton=£2.28bn) wasted annually by the General Electricity Generating Board. CHP is consistently ignored because it is an embarrassment to the electricity industry: proliferation of CHP *would seriously* prejudice any programme for building large power stations.

Norman Jenkins,
Whitchill, Ewshot,
Farnham, Surrey.

Today's Events

GENERAL

Mass meetings of Ford strikers to consider pay offer and a return to work.

Italian Prime Minister Giulio Andreotti arrives in UK for talks with Mr. James Callaghan on EEC issues.

Widespread one-day strike by Southern Region train drivers.

Trades Union Congress general council meets, Congress House, London.

Labour Party national executive committee meets, Transport House, London.

Warsaw Pact summit meeting of *East bloc countries opens in* Moscow.

Mr. Jack Lynch, Irish Prime Minister, in Paris for talks on European Monetary System.

Mr George Ward, head of Grunwick film processing plant, speaks on "I believe" theme, St. *Lawrence Jewry next* Guildhall, Gresham Street, E.C.2, 1.15 p.m.

UK-Spanish financial seminar continues, Madrid.

Launching of Singapore Gold Exchange.

PARLIAMENTARY BUSINESS

House of Commons: Motions on the Referendum Orders for Scotland and Wales. Motions on the Northern Ireland Orders on Health and Personal Social Services and on Rehabilitation of *Offenders.*

House of Lords: Debates on the conditions of poets and poetry in Britain; the desirability of European airlines buying European and not American aircraft; and on domestic space heating.

COMPANY RESULTS

Final dividends: Barton Transport. Albert Fisher Group. Fourth City and Commercial *Investment. Johnson and Barnes.* **Interim dividends:** Edgar Allen Balfour. Associated Newspapers Group. Bulmer and Lumb (Holdings). Century Oils Group. Cocksedge (Holdings). Courtaulds. John Folkes Hefo. International Paint. MK Electric Holdings. Monks Investment Trust. Pyramid Group (*Publishers*). Tesco Stores (Holdings).

COMPANY MEETINGS

Barratt Developments, Savoy Hotel, W.C., 12. B.P.M., 28, Colmore Circus, Queensway, Birmingham, 12.30. Dawnay Day, 31, Gresham Street, EC, 11.30. Fisons, Fison Way, Thetford, Norfolk, 11.45. Galliford Brindley, Post House, Coventry, 12.30.

COMPANY NEWS

Coachbuilding boost lifts Duple to £3.1m

PRE-TAX profits of Duple International, boosted by the performance of the coachbuilding division, went ahead from £1.27m to £3.08m in the year ended August 31, 1978. Turnover was up from £15.26m to £20.22m.

The directors look forward to continuing profits growth. They expect to see further improvement in 1978-79, although not as spectacular as the increase in the past year.

The final dividend is the maximum permitted 0.33p net per 5p share, lifting the total to 0.663p (0.594p). The directors wished to recommend a final of 20 per cent, but the Treasury refused permission.

They are also proposing an interim dividend for the current year of 0.337p net (0.33p) to be paid on the same day as the final.

The directors add that the improved results were due mainly to increased profits in the coachbuilding division where acceptance of Dominant II as market leader was coupled with continuity of production throughout the year. The division's operating profit rose from £968,000 to £2.5m.

Earnings per share are shown as 3.96p (2.45p).

● comment

Duple has had an excellent year with pre-tax profits leaping by 143 per cent on sales 32 per cent higher. The major improvement has been on the coachbuilding side where profits are £1½m higher at £2½m. There are several reasons behind the big improvement in margins. The actual number of coaches built was roughly unchanged at 1,000, but customers were asking for more refinements. As with cars the "extras" can prove profitable business. Another factor is that the company has held its models without need for a facelift. In the past a change of style inevitably affected production for a while. Finally Duple believes it has a productivity deal "which actually works." Unlike the car and truck markets coachbuilders do not suffer from foreign competition and Duple reckons it builds around 900 coaches out of a market of 2,300. The rest is accounted for by bus sales and some exports. The company already has an order book sufficient to take it to the end of the current year and with an 11 per cent price rise just under its belt it is fairly confident of another good year. At 24p the shares stand on a p/e of 6 and the yield is 4.2 per cent—a figure the company would like to improve as the cover is now six times.

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Wade Potteries tops £1m

IN LINE with the significant improvement foreshadowed at midway, taxable profits of Wade Potteries jumped from £625,453 to a record £1,033,929 for the year ended July 31, 1978, on sales of £8.62m against £6.72m.

When reporting a 80 per cent leap in first half profits to £350,162 the directors said in view of the known cost increases still to come, it would be unrealistic to expect improvement to continue at that rate for the full year.

They now say the current year has started well with the first quarter satisfactorily in advance of last year as regards orders, sales and profitability.

Demand remains high and with each factory showing an improved performance, the directors feel that this year's results should show a continued upward trend.

After a tax charge of £521,921 (£318,772) stated yearly earnings rose from an adjusted 3.96p to 6.93p per 10p share. A final dividend of 0.68054p effectively lifts the total payment from an equivalent 1p to 1.12p net.

Net tangible assets are shown at 24.5p (18.78p) per ordinary share.

The directors state that the heavy capital expenditure of the past few years, primarily on new plant and equipment, has enabled the company to accelerate rapidly to meet a growing demand for its products.

A further scheme of capital expenditure which will affect all factories within the group and is likely to total over £1m is currently being considered.

This will increase capacity and improve efficiency still further.

● comment

Wade Potteries has reversed a three-year downward trend with profits almost two-thirds ahead and margins more than two-and-a-half points better. The shares rose 3p to 31p where the historic p/e is 4.4 and the yield 5.5 per cent. This does not seem a demanding rating given past and projected capital spending and the wide range of products. Now that the company has pulled out of the competitive tableware and tiles markets roughly half its sales are geared to industrial uses, while the remaining output is predominantly ornamental. Last year's upturn has been felt in all divisions though specialised refractories have done particularly well in view of the high demand for gas appliances. Orders for high alumina oxide ceramics, which are nearly as hard as diamonds, have also been encouraging and the company feels this side has a good future. Meanwhile, expansion plans can only improve efficiency and boost what are already healthy margins. The company prefers internal growth, but with a still ungeared balance sheet, acquisitions cannot be ruled out.

ISSUE NEWS

Expanding Metal Box in £36m cash call

TO FINANCE the continued expansion of key projects in Britain and the U.S. Metal Box is calling on shareholders to provide £35.9m net by way of a rights issue. Most of the cash will be used to speed up the switch to newer two-piece can technology in order to deter competitors from putting in more capacity.

At the same time, the directors announce profits for the first half to September 30, 1978, up by a quarter to £31.37m pre-tax, including a 31 per cent increase at home. The interim dividend is raised from 6.6p to 7.37p net and the directors anticipate paying a 10.72p final on the increased capital for a total of 18.09 — at the gross level this is a 20 per cent increase, which has been approved by the Treasury.

The directors report that despite first-half sales volume being no greater, the results at home are well ahead of the previous comparable period when profitability was reduced by a series of industrial disputes.

Overseas, the results are a little better, especially the Indian company, which has shown a "substantial improvement."

In the second half to date sales of the packaging business are unexciting, they report, but the central heating business is "very buoyant" — overseas the trading position remains healthy.

Expenditure on fixed assets during the period was £26m, of which £4.8m was spent overseas.

The directors say that underwriting has been completed by Baring Brothers and Company for the issue of 14.9m ordinary £1 shares at 250p each on the basis of one for four. The issue is subject to approval at an EGM on December 8. Provisional allotment letters will be posted on that date for acceptance and payment in full by January 5, 1979. It is expected that dealings in the new ordinary shares will begin on December 11.

Explaining the cash call, the directors refer to the introduction of equipment to produce two-piece cans which increasingly are being used in place of traditional three-piece cans.

Also the renegotiation of the long-standing agreement with The Continental Group Incorporated opened up opportunities for Metal Box in new areas overseas, especially the U.S. The directors also refer to the significant expansion of the central heating radiator and boiler business which will continue to require considerable expenditure both at home and abroad.

The two largest projects in the UK in the past two years, involving some £40m, have been the new factory at Braunstone, Leicestershire, to produce two-piece cans and a new research and development establishment at Wantage, Oxfordshire.

Recently the directors have decided to accelerate plans for increasing production of two-piece cans and sanctioned four new lines raising the group's UK total to 13.

Overseas, the establishment of Metal-Box Standun Incorporated and the acquisition of The Risdon Manufacturing Company are the first steps in the U.S. expansion plan. By early next year Standun will be supplying beverage cans to Pepsi-Cola.

The company's financial commitment to Standun amounts to about US$23m; the cost of acquiring Risdon will be $25m, assuming full acceptance of the cash offer announced on October 19, 1978—at November 17, 1978, acceptances had been received in respect of 90 per cent of the Risdon equity.

Brokers to the issue are James Capel and Co. and J. A. Scrimgeour.

	Half-year 1978 £000	1977 £000
Sales	454,600	391,704
Home	305,290	263,630
Overseas	148,310	128,074
Profit before tax	31,370	25,065
Home	22,040	16,820
Overseas	8,480	7,659
Associates	840	510
Tax	6,800	5,458
Net profit	24,570	19,561
Minority holders	1,790	1,659
Attributable	22,780	17,902

Meanwhile Metal Box South Africa is forecasting higher profits for 1978-79 and expects to lift the dividend total from 22 to 23 cents per share.

In the first half turnover is up from R69m to R95m and net operating income shows an increase from R5m to R6.1m. After higher interest charges the pre-tax balance comes through at R4.6m (R3.7m).

The tax charge is unchanged at R1.7m reflecting losses at the Walvis Bay plant, which are expected to total over R2m for the year. However with the re-incorporation of Walvis Bay into South Africa these losses can now be offset against profits elsewhere in the group. Half-year earnings are given at 10.8 cents (8 cents).

Australian Farming placing

London stockbrokers James Capel have arranged a placing of 2.4m shares in a newly formed company, Australian Farming Property, at a price of A$1.25 each, raising A$3m (£1.76m).

Though the company is registered in New South Wales its inception provides an opportunity for UK stock market investors to take a stake in Australian farming.

This is the first time in a number of years that outside investors have been allowed to move into Australian farming.

This represents the first tranche in the company, and it has been taken up by over 100 clients of James Capel. These are largely institutional holders, and over half of them are in the UK. Other shareholders are from Europe and the U.S.

A full Stock Exchange listing in London is impossible at this stage because the company is a cash shell. However, a quotation in Luxembourg has been obtained and dealings in London under rule 163 will start tomorrow. A listing in Australia is planned for the future.

The company's funds will be invested in prime farming land and in the first phase will be used to purchase a 8,300-acre property near Yass in New South Wales. The purchase price is pitched at A$122 an acre.

The deal was arranged four months ago and already the land could be sold for around A$150 an acre, according to Mr. Ashley Down of James Capel, who is a director of the company.

The company is looking at other farm land, and a second issue of shares is likely some time next year.

Mr. Down said yesterday that the company should be able to get a return of close to 5 per cent by the end of the financial period ending January 31, 1980. This compares with a norm of 2-2½ per cent in Australia.

Turnover of the company will be at least A$700,000 and 55 per cent of the income from this farm will come from wool, 20 per cent from the sale of sheep meat, 15 per cent from wheat and 10 per cent from cattle.

The properties are to be managed by Guinness Middleton Pty., a company, which Capels say, has an established record in this area.

Ultimately the company's prospects are linked to those of the farming industry, particularly in relation to the impact of commodity prices and seasonal variations on earnings and land values.

It is the directors' intention to recommend a high proportion of the company's net profit be distributed as dividends.

KITCHEN QUEEN SMALL PREMIUM

Kitchen Queen's share price got off to an unimpressive start yesterday with early dealings barely above the 29p offer price.

The issue of 6.8m shares in the northern retailing and manufacturing company attracted a hefty response with around £60m being put up for the £2m issue. Market dealers were expecting a few pence premium over the 29p issue price when dealings started.

After the very poor start, the shares climbed to 31½p at one stage before slipping back to 30½p at the close.

Overall around 4m shares changed hands yesterday, and dealers are hoping that the price might improve a couple of pence once the hefty selling bout is over.

YEARLINGS FALL

The coupon rate on this week's yearling issues is 11½ per cent at par. Last week the bonds were placed with a coupon of 11⅝ per cent.

This week's issues are:— Birmingham District Council (£2m), Brighton Borough Council (£1m), Northampton Borough Council (£½m), London Borough of Southwark (£2m), Braintree District Council (£½m), Kirklees Metropolitan Borough Council (£½m), Alnwick District Council (£½m), Copeland Borough Council (£½m), London Borough of Hillingdon (£1m), Brentwood District Council (£½m), London Borough of Hackney (£1m), New Forest District Council (£½m), Sefton Metropolitan Borough Council (£½m), Staffordshire County Council (£½m), Metropolitan Borough of Rochdale (£1m), North Norfolk District Council (£½m), Beaconsfield District Council (£½m).

Rhymney Valley District Council has raised £½m of variable rate bonds dated November 17, 1982, at £99⅞ per cent.

FOTHERGILL AND HARVEY

Shares not taken up in Fothergill and Harvey were sold in the market at 100½p, and not 109½p as stated in yesterday's edition.

NEW DIVISION FOR ARENSON

A NEW division has ben set up by A. Arenson (Holdings), office and equipment manufacturers. In his annual report Mr. A. Arenson, chairman, says the division will market Fabritrak which provides a simple method of covering walls with fabric. He adds that the initial response to the product has been "very encouraging."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Breweries 2nd	int.	2.99‡	March 1	—	—	3.93
Atlanta Baltimore		0.75	Jan. 8	0.5	0.75	0.5
Black Arrow Group	int.	0.7	Jan. 2	0.6	—	1.6
Bremar Trust	int.	1	Jan. 18	0.5	—	1.5
Duple Intl.		0.33	Jan. 11	—	0.66	0.59
Duple Intl.	int.	0.34	Jan. 11	0.33	—	0.66
Evans of Leeds	int.	0.5	Jan. 12	1.0*	—	1.81*
Grampian TV	int.	0.8	—	0.7	—	2.2
Hambros	int.	42	Jan. 2	37.63	—	96.09
Jatel		4	Dec. 20	4	4	4
London & Lennox	int.	0.45	Jan. 5	0.4*	—	1.53*
Ropner	int.	1.19	Dec. 14	1.07	—	2.13
'Times' Veneer	int.	0.22	Jan. 8	0.21	—	0.41
Wade Potteries		0.68	—	0.61*	1.12*	1*
Yorks. & Lancs. Trust		1.05	Dec. 20	0.95	1.55	1.35

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 5.79p to date in respect of 17 month period.

Reardon Smith loss reduced mid year

ON TURNOVER down from £12.78m to £10.38m the directors of Reardon Smith Line report a reduced pre-tax loss for the six months ended September 30, 1978, of £1.77m against £2.82m last time. Loss for the whole of the previous year was £13.53m which included a £9.87m loss on revaluation of ships.

The directors stated that future improvement must still depend principally on freight rates. Sooner or later, they feel these must return to a level which would give a proper return, but they say it would be foolish to give any promises as to when this will occur.

Meanwhile, steps taken over the last year to reduce exposure are beginning to be reflected in the accounts, in lower depreciation and interest charges—£1.51m (£2.37m) and £1.41m (£1.68m) respectively.

Containing commitments and preserving cash resources continues to be the principal goal in the circumstances.

In July the directors reached agreement in principle, subject to contract, to a deferment of repayments of principal, with all lenders, in respect of all loans secured on their fleet. Preparation of the documents giving effect to the loan deferment is still proceeding and the directors hope they will be completed before too long.

On the half year's results the directors state that by reason of capital allowances available, it is unlikely any liability to corporation tax will arise for the period.

During the loan deferment they have agreed to pay only token dividends and in view of the results, again no interim dividend is payable—last year's final was 0.1p.

	Half year 1978 £000	1977 £000
Turnover	10,385	12,780
Trading profit	1,058	31
Bulk carriers	677	1,077
Tankers loss	364	1,643
Rigs	745	595
Investment income	74	177
Interest payable	1,409	1,677
Sale of ships profit	—	1,155
Making loss	278	381
Depreciation	1,508	2,372
Investment grants credit	—	18
Exchange gains	13	81
Loss	1,772	2,825

Although freight rates have risen to compensate for it, the fall in the value of the dollar has had an adverse effect on charters outstanding while it has occurred.

The company's only effective interest in tankers during the half year was the Sanko Honour, which was chartered out in August. Results for the period show only part of the benefit of this transaction, which should reduce the line's tanker losses to some £200,000 in the second half.

The Sea Conquest, the rig in which the company has a majority interest, continues to operate under its charter, the directors add.

The sale of the Orient City took place during the period but had no effect on profits because it had been written down to expected sales value in the last audited accounts.

● comment

If you look carefully it is just possible to spot some slight improvement in Reardon Smith's interim statement. The trading loss on tankers has been cut from £1.6m to £0.4m and losses on this side of the business seem to have settled down at around £0.4m per annum, compared with a possible £5m per annum at one stage. In fact, Reardon has managed to turn last year's £31,000 loss on shipping activities at the trading level into a £1.1m profit. However, after adding on £1.4m of interest charges and another £1.5m of depreciation the group is still losing money at an annual rate of over £3m. Given that the group has secured a moratorium on its loan repayments until November 1979 it has won a breathing space, but unless there is a substantial improvement in freight rates it will be forced to sell off more of its fleet to stay afloat. The only slight consolation is that second-hand ship values have risen over the last few months. If the Orient City had been sold today, Reardon reckon that it could have increased the price by around a third. Reardon has agreed to pay only a token dividend during the loan deferment period which will probably extend into 1980. The ordinary shares closed unchanged at 77p and the 'A' shares at 32p, last night.

Jatel falls to £925,000

FOR 1977, THE profits of Jatel, tea producer, dropped from £1,374,898 to £925,479, subject to tax of £702,058 against £859,123.

A change in the group's accounting policy for gratuity payments to its Indian labour force resulted in a reduction of £13,868 in net profits. Comparisons are restated.

The net dividend is maintained at 4p per £1 share.

HOSKINS & HORTON

Britannic Assurance and London Trust have increased their stakes in Hoskins and Horton to 12.8 per cent and 8.5 per cent respectively. Talbex recently sold its near 30 per cent in Hoskins after takeover talks had broken down.

هكذا من الأصل

Allied Breweries pushes ahead to record £90m

THE PROGRESS shown by Allied Breweries, the Double Diamond, Long Life and Skol Lager brewing group, at the interim stage has been maintained in the second half of 1977-78. Profits for that period show an advance from £37.8m to £45.1m pushing the total for the 53 weeks ended September 30, 1978 up to a record £90.2m compared with £77.2m. The results exclude the recently acquired J. Lyons catering group.

After deducting all charges the profit earned from operations comes through at £63.4m compared with £59.5m—equal to 12.05p (11.32p) per 25p share.

There is a gain of £7.1m (£3.6m) arising other than from trading and a profit of £6.2m (nil) on the sale of the investment in Trust Houses Forte. Taking these items into account the balance attributable to ordinary holders comes through at £76.7m against £63.1m.

A second interim dividend of 2.99p is declared payable to holders registered December 18. This dividend will also be payable to those holders of Lyons securities in respect of Allied ordinary shares still to be issued under the offer.

	1977-78 £m	1976-77 £m
Turnover	1,263.6	1,105.9
Trading surplus	129.2	109.4
Depreciation	27.2	22.7
Trading profit	102.0	86.7
Investment income	4.0	4.5
Associated companies	2.8	2.0
Finance charges	18.7	16.0
Profit before tax	90.2	77.2
Tax	25.1	16.5
Net profit	65.1	60.7
Minorities	1.3	0.8
Preference dividends	0.4	0.4
Earnings	63.4	59.5
Non-trading gains	7.1	3.6
Profit investment sale	6.2	—
Attributable ordinary	76.7	63.1
Ordinary dividends	23.1	20.7
Retained	53.6	42.4

As announced earlier this month the accounting period has been extended to 17 months ending March 3, 1979. The results for the whole period will be announced at the end of May 1979 and will consist of the original AB group for the period from September 25, 1977, to March 3, 1979, together with the results of the Lyons group companies (other than those in the U.S.) for the period October 1, 1978, to March 3, 1979, and for the U.S. companies for the period October 1, 1978, to December 31, 1978.

The directors intend to recommend a third and final dividend in respect of the 17 months' period when the full results are known.

Referring to the sale of the investment in THF the directors explain that this investment which had a book value of £8.4m was sold in July for £48.3m. Of the surplus of £39.9m the sum of £31.5m has been credited to capital reserves to reverse the loss on sale and repurchase charged to capital reserves in 1974. The balance of £8.4m, less provision for capital gains tax of £2.2m, is a realised profit over original cost.

The directors point out that the 1978 tax charge has been reduced by £19.4m (£18.5m) being deferred tax not likely to be payable in the foreseeable future—this represents a change of accounting policy since the interim statement and the 1977 figures have been adjusted.

See Lex

Somportex profit is £163,055

As foreshadowed the revised pre-tax profit of Somportex Holdings bettered £150,000 for the year to April 30, 1978, and turned in at £163,055 compared with £76,726.

Originally profits were announced at £237,000, but after they were reported two errors came to light and the company withdrew the results and re-prepared them.

Tax is now shown at £87,809 (£36,397) and earnings per 25p share at 10.75p (5.76p).

Pointing out that the profit is the second best in the company's history, the directors say that the report and accounts are being sent to the printers with a view to convening the adjourned AGM as soon as practicable.

These will contain a Board statement setting out (inter alia) in full the conclusions of the report received by the Board from Robson Rhodes, chartered accountants.

Increase for Black Arrow

PRE-TAX profits of the Black Arrow Group rose from £140,000 to £171,000 in the six months to the end of September 1978 on turnover up by 42 per cent from £2.4m to £3.4m.

The interim dividend is raised from 0.6p to 0.7p net from stated earnings of 2.2p (1.8p) per 50p share. The total dividend last year was 1.6p.

The Board says that the office furniture division's contribution was disrupted by its move to larger premises. The division's turnover went up from £1m to £1.7m.

It adds that the second half of the year should show an improvement over the first half. Last year total pre-tax profits were £364,000.

	Half year 1978 £000	Half year 1977 £000	Year 1977-78 £000
Turnover	3,448	2,677	5,947
Leasing	850	656	1,497
Office furniture	1,733	1,005	2,382
Elect components	450	340	794
Electrcl. applnces.	415	416	916
Discon operations	—	260	259
Profit before tax	171	140	364
Tax	23	20	54
Profit after tax	148	120	310

Ropner first half rise

PRE-TAX profits of Ropner Holdings rose from £1.38m to £1.71m for the six months to September 30, 1978, helped by an increase in the shipping contribution from £83,000 to £350,000, and a property development profit of £194,000 against a £71,000 loss last time.

The directors state that second half group profits will not equal those of the first, but for the full year results are expected to show a significant increase over the £2.37m achieved last year—a record £2.8m was obtained the previous year.

The net interim dividend is raised to 1.1896p (1.0653p) per 25p share and the directors tend to pay the maximum permitted total for the year—last year's final payment was 1.0653p.

	Six months 1978 £000	Six months 1977 £000
Shipping	350	83
Engineering	949	967
Insurance broking	218	267
Property developmt. profit	194	†71
Investment income	282	318
Interest	253	301
Profit before tax	1,708	1,383
Tax	890	729
Minorities	16	11
Available	802	643
Retained	636	486

† Loss.

At the end of October, the group took delivery of a 118,000-ton dry cargo bulk carrier, M.V. Appleby, from Harland and Wolff, and arranged a 15-year bareboat charter with the British Steel Corporation.

The ship cost £8m against which £5.6m has been borrowed repayable over seven years at 7½ per cent interest per annum. The earnings of this ship will be largely offset in the current year by higher interest charges.

The company recently acquired Frederick Greenwood and Sons (Holdings) for £1.26m cash. The directors say that only one month's profit of this company will be consolidated in the group's results for the current year.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to wether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Edgar Allen (Balfour), Anderson Strathclyde, Associated Newspapers, Bulmer and Lumb, Century Oils, Cocksedge, Courtaulds, John Folkes Hefo, International Paint, M.K. Electric, Milbury, Monks Investment Trust, Pyramid Group (Publishers), Tesco Stores.

Finals—Barton Transport, Albert Fisher, Fourth City and Commercial Investment Trust.

FUTURE DATES

Interims—	
Alpine Soft Drinks	Dec. 1
Brady Industries	Nov. 28
Carless, Capel and Leonard	Dec. 5
Chesterfield Properties	Nov. 23
Crosby Spring Interiors	Nov. 30
Giltspur	Nov. 30
Holden (Arthur)	Nov. 24
Kleen-E-Ze	Dec. 4
Leigh Interests	Nov. 23
Marling Industries	Nov. 30
Ocean Wilsons	Nov. 29
Pegler-Hattersley	Dec. 7
Pauls and Whites	Nov. 23
Property and Reversionary Inv.	Nov. 27
Routledge and Keegan Paul	Nov. 29
W.G.I.	Nov. 24
Finals—	
Flexello Castors and Wheels	Dec. 5
Hanson Trust	Dec. 6
Lloyds and Scottish	Dec. 14
MEPC	Dec. 14

Upturn at Evans of Leeds

ON GROSS rental income up from £1.21m to £1.39m, Evans of Leeds, property and development group, pushed up pre-tax profits from £692,421 to £859,777 in the six months to the end of September 1978.

The interim dividend is pegged at 0.5p net. Last year payments totalled an equivalent 1.309p from £1.55m taxable profits.

The half-year figures include profit from development and sale of properties, up from £24,645 to £65,578, and interest receivable £49,029 (£333). Interest charges rose from £540,699 to £650,171.

Yorkshire & Lancashire Investment

Gross revenue less bank interest of Yorkshire and Lancashire Investment Trust rose from £95,401 to £108,949 in the year to September 30, 1978, and after all charges including tax, net revenue was ahead from £54,796 to £63,782.

Tax absorbed £32,829 (£29,180) and earnings per 25p share are shown at 1.59p (1.37p). The net final dividend is 1.05p for a 1.55p (1.35p) total.

At September 30, the net asset value per share was 35p (34.3p).

Smiths Inds starts well—scope for growth

PROSPECTS AT Smiths Industries for the current year are encouraging. Many of the group's businesses are well covered by forward orders and export potential is good says Mr. Roy Sisson, the chairman.

The year has started well and the spread of the company's activities provides many opportunities for successful growth, he adds.

Faced with a decline in output of assembled vehicles in the UK—down 25 per cent in the last five years—and an increased market share of imported vehicles, the group has been conducting an aggressive export policy. Deliveries of instrumentation were made during 1977-78 to Renault, Volvo, Volkswagen and Hyundai. By year-end exports of £43m (£39m) had reached 10 per cent of total sales.

In addition further important research and development work on solid-state instrumentation displays was completed and sample batches produced for environmental and life-testing by potential customers.

On the motor trade side demand for spares remained high and an improvement supply position resulted in better sales and trading profit last year. Now over £1m is to be spent by the motor accessory division on modernising its warehousing and distribution facilities in North West London and establishing a new service works in South Wales.

Substantial reorganisation has taken place in the clock business including the closure of the Cheltenham factory that made battery-operated movements. In the second half of 1977/78 the company traded at a close to break-even but the reorganisation costs were more than expected when special provisions were made in 1977, Mr. Sisson states.

The separately operated watch company failed to reach required production levels and showed a loss.

The directors are still seeking ways to make the group's horological activities viable in the longer term. A further step in this direction will be the merging of Tucker Nunn and Grimshaws, wholesalers to the jewellery trade, with the clock company.

In Australia the economy has been particularly depressed and the results of the group's subsidiaries there were lower. Even so the directors' policy of continued investment in Australia remains unchanged.

In furthering plans for aviation activities in North America development expenditure in the aviation division remained at a high level and a trading loss was reported last year. However, the order book is now at a record level and a return to profitability is expected in 1979.

In South Africa, where sales were up 67 per cent and profit more than doubled last time, trading remains buoyant and further new business is being obtained, Mr. Sisson says.

Group sales for the 53 weeks to August 5, 1978, were up 13.7 per cent at £254.8m compared with £224.5m for the previous 52 weeks, and taxable profit was £1.58m better at £22.09m—as reported November 15. The net dividend is stepped up to 8.0924p (7.2469p) per 50p share.

Funds employed at year-end were £13m higher at £121.5m, of which £1.3m was related to the net assets of companies acquired.

On a current cost basis profit was cut to £13.6m (£12.7m) by extra cost of sales of £7.8m (£8.5m) and additional depreciation of £2.6m (same) less a gearing adjustment of £1.9m (£3.3m).

Analysis of sales and trading profit, of £24.13m (£21.66m), by activity shows (£000s omitted): in the UK, supplied to industry, vehicle manufacture £38,750 (£33,150) and £2,198 (£3,325); aerospace £32,250 (£31,700) and £2,011 (£3,058); marine £14,750 (£14,000) and £1,115 (£630) and other industries £43,700 (£34,300) and £6,991 (£4,306); supplied through distributive trades £75,100 (£70,200) and £8,794 (£7,399); overseas subsidiaries £56,350 (£46,100) and £3,022 (£2,944): less internal sales of £6,150 (£5,400).

Portex, which is responsible for most of the group's medical business, had a very good year with a substantial growth in sales. Trading profit of the combined medical activities now approach 11 per cent of total group trading surplus.

The group has appointed an audit committee under the chairman ship of Sir Barrie Heath, a non-executive director.

Meeting, Cricklewood, NW, on December 13, at noon.

Peter Stores sees further advance

The current year has started well at Peters Stores and sales are at present comfortably ahead of last year, states Mr. J. P. Gould, the chairman.

If the trend continues and Christmas trade is up to expectations, then the group will how further increases in profits, he tells members in his annual statement.

On turnover of £6.06m (£4.89m) pre-tax profits jumped from £149,073 to £435,052 for the 52 weeks ended June 24, 1978—as reported October 21.

The company is continuing to expand its number of retail outlets and four new stores are planned for the current year, bringing its total to 74.

At the same time the company is expanding the physical size of its shops to include new departments, and the directors hope that this will also help to increase volume sales.

Camping and leisure activities have been particularly successful and will also be expanded to cope with increasing demand for these products.

Meeting, Newcastle upon Tyne, December 21, noon.

Mid-year drop at Belgrave (Blackheath)

For the half-year to July 31, 1978, pre-tax profits of Belgrave (Blackheath), maker of steel forgings, bolts and nuts, dropped from £78,851 to £19,022, on turnover of £1.77m compared with £1.39m.

Mr. C. H. Pittaway, the chairman, warns that the immediate outlook is extremely uncertain, but if the industry can settle its labour disputes and trading conditions improve, he says the company is well placed to reap the benefits.

After tax of £8,145 (£38,571) net profits for the period fell from £40,280 to £10,877.

The chairman reports that the current year started well with demand for the company's products being maintained during January to March. General trading then fell sharply, starting with tractors and spreading to cars, and later to commercial vehicles.

Customers required fewer parts and also reduced their stocks and in consequence the company's order position was disproportionately affected. In addition, several important customers suffered from serious industrial disputes, Mr. Pittaway adds.

Cutbacks caused severe disruption to the company's production procedure and the affect was to lower the ratio of productivity to cost to a very disturbing degree, he says.

The company does not pay interim dividends—the previous year's single payment was 2.86p on £262,961 pre-tax profits.

F. W. Thorpe order book remains strong

In his annual statement the chairman of F. W. Thorpe says that generally the order book remains strong with many lines selling beyond present capacity and in order to meet this specific demand the company is having to change the emphasis in its manufacturing.

New designs introduced during the year have been well received and the directors are encouraged by the useful business which is beginning to develop.

The chairman is confident that steady growth, although at a slower rate, will be maintained and while the company has not fully resolved its problem of extra manufacturing space it is continuing to be more efficient in its existing areas through the introduction of better machinery and more sophisticated tooling for its products.

As reported on October 27, pre-tax profits for the year to June 30, 1978, rose from £487,992 to £676,153.

ATLANTA BALTIMORE ADVANCES

After interest and expenses, etc., of £103,610 against £91,004, pre-tax revenue of Atlanta, Baltimore and Chicago Regional Investment Trust finished the September 30, 1978, year ahead at £73,390 compared with £54,758 last time.

Tax took £36,621 (£25,394) giving earnings of 1.28p (0.98p) per 10p share. The dividend is increased by 50 per cent from 0.5p to 0.75p net.

Midway upsurge at ASDA

Profits "in excess of £14m" are *estimated to have been made by* Associated Dairies in the six months ended October 28, 1978. This estimate is included in the documents relating to the merger with Allied Retailers. It compares with a profit of £11.5m in the equivalent period last year.

The directors of Allied Retailers state that profits for the half year to October 14 were £2,726,000 also well up on 1977 when the company made £1,618,000 in the half year. But the directors point out that trading conditions in the first three months of the previous year were poor.

Recommending the merger Mr. Harry Plotnek, chairman of Allied, writes: "Historically, Allied's share price has been much more sensitive to expectations of a downturn in overall demand than has been justified by the subsequent actual out-turn of profits." He believes that the shares of the enlarged group will be "less likely to be subject to sharp fluctuations."

As part of the deal Mr. Plotnek would agree not to set himself up in competition with Allied Retailers, for at at least five years. He would enter a service agreement with the group for the same period.

The enlarged group would be organised into five principal divisions: Asda superstores, carpets and furniture (Wade), carpets and furniture (Allied), dairy products and meat products. The holding company structure being created would be necessary, says Asda, because of the increased size and diversity of the group. Policy making and financial control would be exercised centrally.

The net assets of the new group, based on their April balance sheets, would be £39m after the cash cost of the offer of £27.5m. Fixed assets would be £84m, cash and short term assets £25m.

LILLEY IN SCOTTISH TAKEOVER

F. J. C. Lilley, the civil engineering and public works contractors group, is to takeover Robison and Davidson, a private company based in Dumfries. The offer will not exceed £1.75m.

Lilley has offered either £7 cash or four of its ordinary shares and £3.80 cash for each of Robison's 250,000 ordinary shares. The offer has been accepted by all Robison shareholders.

Robison operates as a building contractor, mainly in the South of Scotland. It works on housing development for local authorities and the private market, and on building projects for industries and public bodies.

Its net tangible assets at the end of March 1978 were £1.05m after providing for deferred tax of £424,000.

Robison's average pre-tax profits for the three years to that date were £452,000.

Lilley turned in pre-tax profits of £3.11m on turnover of £54.57m for the year ending January 31, 1978.

BIDS AND DEALS

BBL can now proceed with Bushells purchase

BY ANDREW TAYLOR AND JAMES FORTH

The Australian government has reversed its decision to block Brooke Bond Liebig's proposed £20m takeover of Bushells Investments—the country's leading tea processor and distributor.

This follows the UK group's decision to permit Australian Mutual Provident Society to take an immediate 25 per cent stake in Brooke Bond's Australian operations—with a further commitment that the business will be 51 per cent Australian owned within the next three to five years.

The follows closely the guidelines on foreign investment and local ownership laid down by Mr. John Howard, the Australian Treasurer, earlier this year.

The decision to allow Brooke Bond's bid to proceed has important implications for other overseas groups pursuing takeovers and mergers in Australia—particularly as a number of Australian companies are known to have expressed an interest in acquiring Bushells.

Mr. Howard, who had earlier blocked the Brooke Bond bid as being against the national interest, said yesterday that the government had given careful consideration to the interests expressed by Australian companies but the revised Brooke Bond proposal was "in accord with the government's foreign investment policy."

Brooke Bond's offer of 327p a share has already been accepted by the major stockholders—including the large Bushells and Oxley family trusts—controlling a 51 per cent stake in the company.

If the deal goes through then Bushells will become part of Brooke Bond (Australia) which currently control the much smaller Seakist and Monbulk food and meat interests.

The Australian Mutual Provident Society—Australia's largest life assurance group—has agreed to take a 25 per cent stake in Brooke Bond (Australia) and the parent group has said it will reduce its holdings further through a public flotation within the next five years.

Brooke Bond says that the acquisition of Bushells would reduce its dependence on African and Asian earnings. Bushells controls over 40 per cent of the Australian tea market and 20 per cent of the coffee market.

In the year to March 31, 1978 Bushells earned pre-tax profits of £3.7m.

87% ACCEPTANCE FOR INTL. TIMBER

The offers by International Timber Corporation for the whole of the share capital not already owned of Bambergers have been accepted in respect of 3,440,000 Bambergers units (each unit comprising one deferred share and one new ordinary share) representing 87.4 per cent of the former ordinary share capital of Bambergers, and 443,230 reference shares, representing 896 per cent of Bambergers preference share capital.

As a result, the ordinary offer and the preference offer have each been declared unconditional.

International Timber owned 80,000 ordinary (0.8 per cent) of Bambergers when the approach was made on September 22, 1978.

Hanson Trust pays £4.9m for Irish yarn and thread group

Hanson Trust has reached agreement with the directors and principal shareholders of Henry *Campbell Group* of Newtonabbey, Northern Ireland, to buy the ordinary capital for £4.9m cash, *of which £250,000 is deferred* and subject to Campbell's 1978-79 results.

Campbell made £1m pre-tax profits in the year to March 31, 1978, on sales of £19.8m. Hanson's declined to say what profit target has to be met in 1978-79 for the deferred £1m to become payable.

Campbell is a producer of natural and synthetic thread and yarn which also has significant interests in vehicle distribution and builders' merchanting and packaging. It is privately-owned, largely by family interests.

Hanson has recently been turning its attention increasingly towards the U.S. market, but the purchase of Campbell shows it is still interested is making acquisitions elsewhere at what it considers attractive prices. The £4.9m purchase price is 14 per cent below the net tangible assets of £5.7m shown by Campbell in March.

At March 31, Campbell had an outstanding medium-term loan of £200,000 but no drawings on its overdraft facilities. Its balance sheet showed around £1m of cash.

Hanson already has interests in the thread and yarn business through the Blue Mountain unit of its U.S. subsidiary Carisbrook. Campbell's thread sales are roughly half in the UK and Ireland and half abroad, and its thread and yarn interests account for around half of profits.

Hanson added that Campbell will continue to operate in its existing form with the present management staying in office.

It is intended that Hanson should eventually make a bid for the 42,000 outstanding 3½ per cent preference shares of Campbell. Hanson hopes to be able to consolidate the new acquisition from mid-December for the last nine-and-a-half months of its year to end-September, 1979.

ROTAFLEX STAKE

On November 16, 1,055,229 ordinary shares of Rotaflex (Great Britain) were sold at 40.75p each. The shares were held by the family trust of B. Stern. 750,000 shares were purchased.

The National Coal Board Superannuation and Pension Funds, purchased 750,000 shares and the remainder has been bought by another institution.

NEWARTHILL

Sir Robert McAlpine (CTI), a subsidiary of Newarthill, is continuing to pick up shares in UBM Group, the builders merchants. Further purchases have taken its stake up to 8.08 per cent, worth £2.7m at the latest market price of 67½p per share. The stake stood at 6.03 per cent in June.

At that time McAlpine assured UBM *that the holding was a trade investment* and not the prelude to a take-over bid. McAlpine warned *that the stake would be gradually increased*.

The Newarthill group has *recently been building up a substantial investment portfolio.* Its investments rose from £5.6m to £14.1m in the year ending October 31, 1977.

PENNINE MOTOR

Pennine Motor Group yesterday called for its share quote to be suspended pending an announcement of an acquisition and a reorganisation of its borrowings.

Earlier this year certain shareholders of the Premwain Group acquired a 15 per cent stake in Pennine in return for which Premwain agreed to make *arrangements* to ensure the financial stability of Pennine.

It is thought that further details of these latest moves will be announced later this week. Pennine's share price was suspended at 17p.

ASSOCIATE DEALS

Boys-Stones, Simpson and Spencer, brokers to Ferguson Industrial Holdings, on November 16 sold 8,000 Ferguson at 124p for an associate of Ferguson.

Associated Dairies have bought 75,000 Allied Retailers at 136p.

On November 17, S. G. Warburg and Company bought on behalf of associates 50,000 Allied Retailers ordinary 10p shares at 135p.

Oyez takes up Canadian option

The Solicitors' Law Stationery Society is to take up its option to buy a half share in a Canadian legal publisher. De Boo, at present wholly owned by the Thomson Corporation, one of the family companies of Lord Thomson of Fleet.

Thomson, through another subsidiary, The Woodbridge Company, already owns 10.8 per cent of the Solicitors' Law Society.

Furthermore, International Thomson Organisation owns a further 39.1 per cent of the Society.

The cost of buying the half share is C$670,000 (£298,000).

The Society has managed De Boo since 1976 for which it has been paid C$40,000 per annum. Since that time sales have increased by 75 per cent the Society claims and pre-tax profits of De Boo for the year to August C$239,100.

The remaining 50 per cent of De Boo will be transferred to the UK registered Thomson Publications. Following this the Society and Thomson intend to offer 20 per cent to a U.S. publisher, Matthew Bender.

POWELL DUFFRYN

Further to the announcement of October 26 Powell Duffryn has now acquired Alfred Hulme.

The maximum purchase consideration comprises 110,690 Powell Duffryn ordinary shares of 50p and £940,000 cash, of which £250,000 is deferred and is dependent upon the profits of Hulme earned to March 31, 1980.

MB EXTENDS OFFER

MB America Inc., a U.S. unit of Metal Box, has extended its previously proposed tender offer for all common shares outstanding of Risdon Manufacturing Co.

The offer, originally scheduled to expire last Thursday currently is scheduled to expire on December 11.

MB America said that 1,095,113 shares, or about 89 per cent of Risdon's 1,221,990 common shares outstanding, had been tendered as of Thursday.

Risdon makes metal, plastic and paper-packaging parts and containers for cosmetics and personal-care products.

EMPRESS TERMS REVISED

Empress Services (Holdings), the office cleaning and security group, has revised its bid for Brengreen (Holdings). Empress is now to purchase Exclusive Cleaners, which owns 70 per cent of the capital of Brengreen, together with all the shares in Brengreen not owned by Exclusive.

A profit of "not less" than £280,000 is forecast for the enlarged Empress Group for the period ending March 31, 1979, and a dividend totalling at least 0.2p net (1978, 0.1p) will be paid.

The consideration for Exclusive and Brengreen is to be satisfied by the issue of 4.8m new ordinary shares in Empress, and £800,000 nominal new 16 per cent Convertible Unsecured Redeemable loan stock and a cash payment of £308.62.

The Empress directors stress that certain administrative problems within Empresss "specifically the collection of debts and the control of payroll, will be overcome by the use of the computer facilities already existing within the management function of Exclusive and Brengreen."

The group's auditors, Peat Marwick, have qualified the accounts pointing out that during each of the four financial periods ending March 31, 1978, "the internal controls and accounting disciplines operating in the trading companies in the group were not, in our opinion adequate to ensure that all transactions were properly recorded." However, adjustments had been made to ensure that the books were correct in all material respects at the balance sheet dates.

RANDALLS GROUP

Shares of Randalls Group, the building trades distributor, have been relisted on the Stock Exchange following Randalls acceptance earlier this week of an increased offer from Whitecroft, the textile, engineering and building group. The new bid valued Randalls at about £2.9m.

Baring splits from Sanwa in Hong Kong

Baring Brothers, the London merchant bank, is to split from its partner, Sanwa Bank, and set up its own merchant banking *operation in Hong Kong*.

In an announcement yesterday the two partners said that their joint venture, Baring-Sanwa, would be ended. Both Baring and Sanwa, a leading Japanese bank, would then provide merchant banking services in Asia through their own wholly owned subsidiaries.

It is hoped to implement the new arrangement towards the end of this year, provided the necessary consents can be obtained from the UK and Japanese regulatory authorities.

The decision is the latest in a series of similar developments in which leading banks have opted out of consortium arrangements in Hong Kong, Singapore and elsewhere.

The link between Baring and Sanwa is part of an association which also includes joint companies in London and Malaysia, which are to continue.

Baring explained in London yesterday that the Hong Kong joint venture suited both partners when it was set up in 1973: the UK merchant bank was only beginning to develop in the Far East and the Japanese bank was limited in its ability to lend from its home base.

Circumstances had now changed, however, so that the two partners felt it best to establish their own operations.

LINCS. FERTILISER AND SEED COMPANIES MERGE

Terms have been agreed for a merger between William Sinclair and Son, plant breeder and seed specialist, and Lindsey and Kesteven Fertilisers, one of the country's oldest fertiliser manufacturers. They will operate under the name of William Sinclair Holdings.

Both are public unlisted companies having some 200 shareholders in *total*. It is not proposed to seek a Stock Exchange listing for the new company's shares but *Hill Osborne* and Company of Lincoln, has agreed to sponsor dealings in the shares under Rule 163 (2).

Sinclair, which owns 49.9 per cent of L and K's equity, showed sales of £21.94m and taxable profit, before outside interests in L and K, of £809,900, for the year to June 30, 1978.

In the same year, on turnover of £12.45m, L and K produced a profit of £412,600 before deduction of the group's £54,400 share of a joint venture loss in its first

BERGER AND HOECHST UK

THE SCHEME of arrangement resulting in the acquisition of the whole of the preference stock of Berger by Hoeschs UK was approved by the required majorities at the court meeting of preference stockholders of Berger and at the extra-ordinary meeting of Berger yesterday.

The scheme of arangement will be presented to the High Court for approval within the next month, and is expected to become effective on or about December 21, 1978.

NEWMAN INDS.

Newman Industries has completed the acquisition of the outstanding 68.75 per cent of the issued share capital of Avdel International NV.

Avdel now becomes a wholly owned subsidiary of Newman, as outlined in the circular to shareholders dated October 28, 1978.

Optimism at Wood Hall

Mr. Michael Richards, chairman of Wood Hall Trust tells members he will be more than disappointed if group profits for the current year do not at least equal the £4.87m achieved in the 1977-78 year.

As reported on November 10, compared with the interim forecast of around £4.75m, the pre-tax figure for the year ended June 30 came out at £4.87m. This was against £6.31m previously, which was before deducting trading losses of £2.29m from two discontinued operations of Wood Hall Ltd., Australia. The dividend is 5.495p (4.841p) net per share.

Mr. Richards says that the overseas trading division showed reduced profits for the year, down from £3.14m to £2.16m, and, more so than any other division, is affected by the continued world recession. He says that results in the current year should compare favourably with its competitors, and therefore be satisfactory.

Profits before tax at Wood Hall, Australia, from continuing operations fell from A$2m to A$1.26m but the chairman states that there should be a considerable improvement in the 1978-79 year.

There was an improved performance at Australian, Mercantile, Land and Finance Company during the year—the substantial profit contributor was A. M. L. Finance Corporation—and Mr. Richards is quietly optimistic as to the results for the current year.

Profits of the group's building division will again be dependent largely upon the housing division the chairman says, for which the results for the first quarter and the prospects for the remainder of the year are good.

The Millard group had a difficult year but should progress.

In the materials handling division the Osborne Stevens group showed a considerable reduction in profits but prospects for the current year have improved to some extent, and results for the first quarter at A. J. Phillips are good; profit for the full year should be an improvement on last year.

Trading conditions at Vogan and Company, in the group's food section, are likely to be as difficult as in the 1977/78 year, the chairman states, and he expects the company will produce satisfactory, albeit lower, profits. The other company in this division, Bendicks (Mayfair), was sold to Associated Biscuit Manufacturers for a sum in excess of £1m.

Meeting, Winchester House, EC, December 13 at 11.30 a.m.

Times Veneer doubled at six months

The directors of "The Times" Veneer Company, manufacturer and merchant of timber, veneers and processed wood products, report sales ahead from £2.41m to £2.8m in the first half of 1978 and taxable profits virtually doubled at £108,882 against a previous £55,080. Profit for the whole of 1977 was down slightly from £170,167 to £158,742.

Tax for the six months took £56,600 compared with £28,600, leaving *net profit* at £52,282 (£26,480). The net interim dividend payment is increased to 0.22p (0.21p) per 5p share, last year's final being 0.2p.

Grampian TV growth comes to standstill

REPORTING A standstill in first half profits the directors of Grampian Television forecast an improvement in the total for the year to February 28, 1979 from £372,000 to not less than £384,000.

After charging Exchequer levy of £34,000 this time pre-tax profits for the six months ended August 31, 1978, come out at £192,112 against £192,100.

In his annual statement last May Mr. I. M. Tennant, chairman, warned that operating costs would rise substantially in 1978-79 with increases being particularly marked in expenditure on network and local programmes.

The directors now state that advertising revenue is predicted to remain buoyant throughout the second half of the year and they hope that group profit for the second six months will not be less than that earned in the first half.

Glenburnie Properties continues to trade profitably and contributed *£38,000 (£7,000)* toward the group profit for the period. Blenheim House, the new office development, is nearing completion and should be available for letting at the beginning of 1979, they report.

Turnover in the first half of 1978-79 was up from £1.6m to £2.05m. The net profit came out at £87,612 (£87,100) after tax of £104,500 (£105,000).

The interim dividend is 0.8p net (0.7p)—the total for 1977-78 was 2.2p.

NAME CHANGE

Stenhouse Industries, a wholly-owned subsidiary of Stenhouse Holdings, has been renamed *Caledonian Holdings. The group* has interests in home improvement, jewellery, ladies hosiery and engineering.

The change of name reflects the existing operating independence of Caledonian and is a further step in the previously declared policy of Stenhouse Holdings to separate eventually Caledonian from the Stenhouse Group.

Hambros lower at halfway

EARNINGS of the Hambros banking group in the first half of *1978/79 are below those of the* comparable period of the previous year, state the directors in their interim report.

They state that operating profits from the banking side were lower than in the first half of 1977/78. Hambro Life Assurance increased its interim dividend by 10 per cent and has indicated that new business is continuing substantially ahead of the corresponding months of 1977 while *other* trading and associated interests of the group are also ahead of last year.

As already announced, agreement in principle has been reached with the Norwegian Guarantee Institute *on the major* outstanding matters referred to in last year's annual report.

The interim dividend on the £10 shares (£2.50 paid) is being raised by 10 per cent from 37.625p to 42p. The total for 1977/78 was *96.09p.*

The interim dividend on the 25p (fully paid) shares is one tenth of that on the £10 class while the payment on the "A" shares is unchanged at 2.1p.

SHARE STAKES

East Lancashire Paper Group—Greenbrook Securities has acquired a further 75,000 ordinary shares and now owns 460,000 *representing* 8.44 per cent of the capital.

Midland Educational—Alfred Preedy and Sons is interested in 83,316 ordinary shares 5.956 per cent.

General Funds Investment Trust—Mr. R. C. Vickers has disposed of 25,000 shares. His beneficial *holding* now stands at 22,000 shares.

Geevor Tin Mines—Union Corporation Group has acquired a further 20,000 ordinary shares increasing its holding to 302,300 shares 12.21 per cent.

Breedon and Cloud Hill Lime Works—Ferguson Industrial Holdings now holds 214,300 ordinary shares (5.3 per cent).

Yule Catto and Company—Kuala Lumpur Kepong BHD has increased its holding to 4,197,416 shares (25.288 per cent).

Berry Trust:—Mr. R. C. Thornton, director has disposed of 24,750 Ordinary shares at 70p.

Beralt Tin and Wolfram:—Charter Consolidated reports that as a result of acquisitions by its subsidary, Charter Consolidated now has an interest in 5,672,452 Ordinary shares (49.4 per cent).

Carr's Milling Industries:—Heygates and associates now holds 727,500 shares (14.55 per cent).

Neepsend:—Derbyshire County Council now holds 975,000 Ordinary shares (7.17 per cent).

Thomson British Holdings:—Thomson Equitable Corporation *has acquired an interest in* 200,000 International Thomson Org. common shares.

Dellenne Holdings: — The Trustees of A. M. Johnstone English Settlement sold a total of 329,500 ordinary shares on October 30. Kings Norton Trust Company purchased 349,500 ordinary shares (29.3 per cent of the capital) on November 2.

Willis Faber—Mr. D. V. Palmer, chief executive, has reduced his *shareholding by 295,000 ordinary* shares in which he has a beneficial interest, and 80,000 shares where there is a non-beneficial interest. The sales were carried out on November 4 at 231½p.

S. Casket (Holdings)—S. Casket, director, has sold 100,000 shares at 38½p.

Dawson International—Within the holding of Woodbourne nominees of 2,755,737 shares, transfers have been made to a testamentary trust of which A Smith is one of a number of trustees, with the result that Mr. Smith's non-beneficial holding now amounts to 185,538 shares.

Hampson Industries—J. M. Wardle, director, has sold 40,000 *shares, J. L. Cutler, director 11,260* and J. L. Cutler as representative of other interests (family trust) 12,844.

Metal Box

Interim Statement and Proposed Rights Issue

The unaudited trading figures for the half-years to 30th September, 1978 and 1977 are tabled below:

	%	Half-year to 30th Sept. 1978 £'000	Half-year to 30th Sept. 1977 £'000
Sales			
Home	+15.8	305,290	263,630
Overseas	+15.8	148,310	128,074
	+15.8	453,600	391,704
Profit before taxation			
Home	+31.0	22,040	16,820
Overseas	+10.8	8,490	7,659
Associated Companies	+47.4	840	570
	+25.2	31,370	25,049
Estimated taxes on the profit of the period	+23.9	6,800	5,488
Profit after taxation	+25.6	24,570	19,561
Interest of minority shareholders	+ 7.3	1,780	1,659
Interest of Metal Box Limited	+27.3	22,790	17,902

For the half-year to September, 1978, the overseas currencies have been converted at the mid-market rates of exchange at 30th September, 1978; for the half-year to September, 1977, they have been converted at the rates used in the accounts for the year to March, 1978.

The 1977 figures have been revised for the change in treatment of associated companies and deferred taxation.

Sales at home rose by £41.7 million (15.8%) and overseas by £20.2 million (15.8%).

Profit before taxation at home was higher by £5.2 million (31.0%).

Profit of the overseas subsidiaries was up by £0.8 million (10.8%).

Expenditure on fixed assets during the half-year was £26.0 million of which £4.8 million was spent overseas.

Despite the volume of sales being no greater, the results at home for the six months' period are well ahead of those for the corresponding period of last year, when profitability had been reduced by a series of industrial disputes which happily have not occurred in the current financial year.

Overseas, the results for the first six months are a little better than those for the same period last year: especially, the Indian company has registered substantial improvement.

In the second half-year to date sales of the packaging business are unexciting, but those of the central heating business are very buoyant. Overseas, the trading position remains healthy.

There have been three developments in recent years which have been of major importance to the Company. The first has been the rapid expansion in the use of beverage cans and the resulting introduction of equipment to produce two-piece cans which increasingly are being used in place of traditional three-piece cans. The second was the renegotiation in 1977 of the long-standing agreement with The Continental Group Inc. which has opened up opportunities for Metal Box in new areas overseas, especially in the United States. The third has been the significant expansion of the central heating radiator and boiler business. These developments have required and will continue to require considerable expenditure on fixed assets both at home and abroad.

The two largest projects in the United Kingdom during the last two years, involving the expenditure of some £40 million, have been the building and equipping of a new factory at Braunstone, Leicestershire, to produce two-piece cans for the food and beverage industries and of a new research and development establishment at Wantage, Oxfordshire. Within the last month the Board has decided to accelerate plans for increasing production of two-piece cans and has sanctioned the installation of four new can-making lines which will raise the number of the Company's lines in the United Kingdom to thirteen, thus maintaining the Company's competitive position.

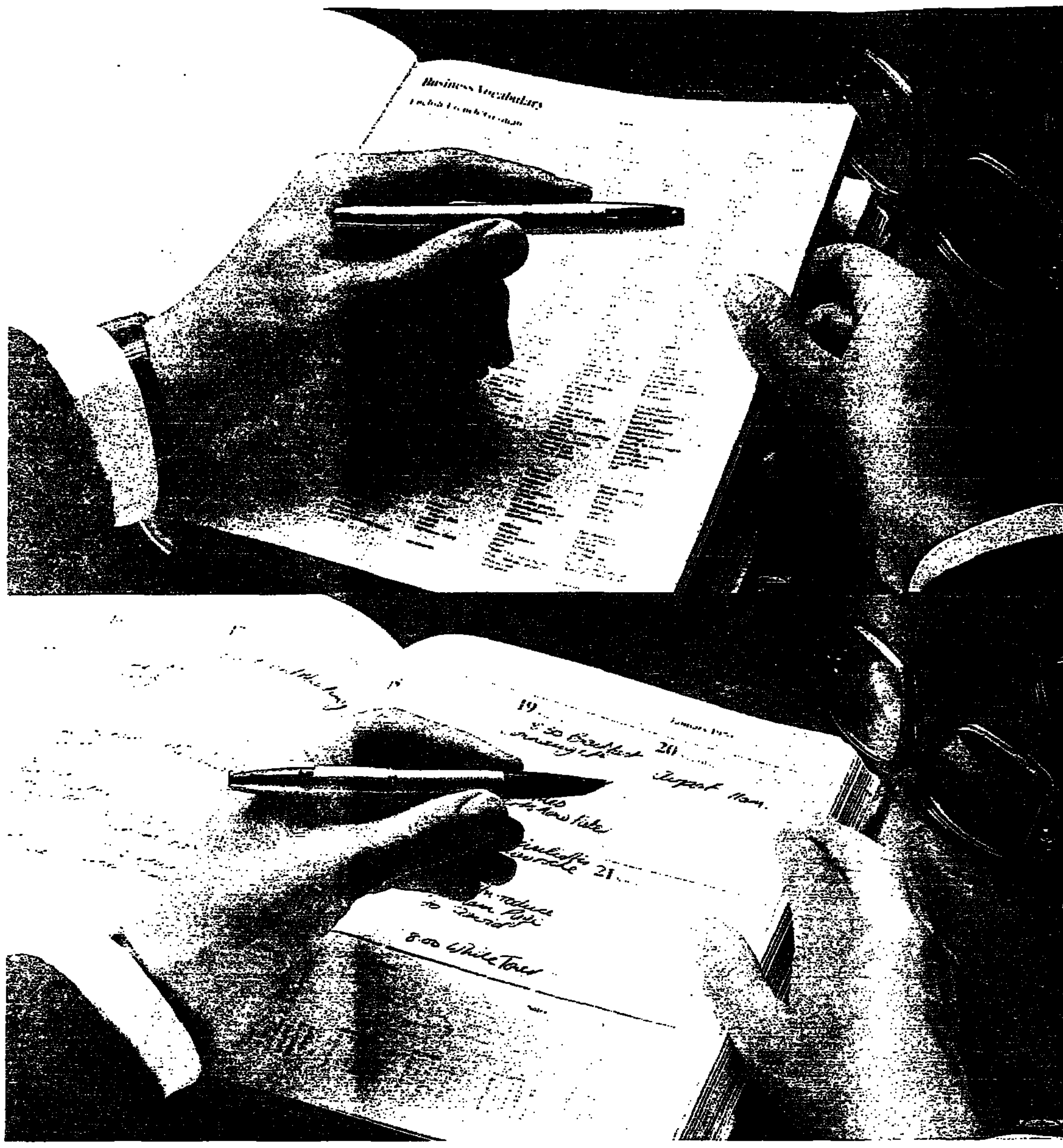
Overseas, the establishment of Metal Box-Standun Inc. in California and the acquisition of The Risdon Manufacturing Company of Connecticut are the first steps in the expansion of the Company's activities in the United States. Metal Box-Standun Inc. is constructing a plant which, by early next year, will be in production and supplying beverage cans to Pepsi-Cola. Risdon and its subsidiary companies are manufacturers of metal, plastic and paper packaging components and containers for cosmetics, personal care and other consumer products. The Company's financial commitment to Metal Box-Standun Inc. amounts to approximately US $23 million; the cost of acquiring Risdon will be US $25 million, assuming full acceptance of the cash offer announced on 19th October, 1978. At the close of business on 17th November, 1978, acceptances had been received in respect of 90 per cent. of the equity capital of Risdon.

The radiator and boiler business is experiencing very strong demand necessitating an increase of manufacturing facilities and the introduction of new production techniques to increase productivity.

Accordingly, the Directors have decided that it is right to reinforce the equity base of the Company and therefore propose to raise approximately £35.9 million by an issue by way of rights to Ordinary Stockholders of 14,901,379 Ordinary Shares of £1 each at a price of 250p per share, by offering the same by way of provisional allotment to Ordinary Stockholders on the Company's register at the close of business on 17th November, 1978, in the proportion of one new Ordinary Share of £1 each for every four Ordinary Stock Units of £1 each held on that date, fractions of new Ordinary Shares being disregarded for this purpose. A letter containing the terms of the proposed issue, which is being underwritten by Baring Brothers & Co., Limited, and seeking Ordinary Stockholders' consent to an increase in the authorised share capital of the Company will be posted today to Ordinary Stockholders.

The Directors have declared an interim dividend on the existing Ordinary Stock of 7.37p per £1 unit (6.6p last year) in respect of the financial year ending 31st March, 1979, (payable with the supplemental dividend of 0.1252p declared in respect of the year to 31st March, 1978 by the Company in General Meeting on 20th July, 1978) on 8th January, 1979 to holders registered on 8th December, 1978. The Directors anticipate that, in the absence of unforeseen circumstances, they will be able to recommend a final dividend in respect of the year ending 31st March, 1979 on the capital as enlarged by the rights issue of 10.72p per Stock Unit which, together with the interim dividend, would make a total dividend of 18.09p per unit. Consent has been received from H.M. Treasury in the context of the rights issue to declare dividends up to this level. At the current rate of associated tax credit this total dividend would be equivalent to a gross dividend of 27p per unit, an increase of approximately 20 per cent. over the total gross dividend in respect of 1977/78.

Metal Box Limited



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MINING NEWS

MIM takes wary view of metal markets

BY PAUL CHEESERIGHT

THE RECENT improvement in base metals markets demands a cautious interpretation. It should not be assumed that this is the beginning of a long-term upward cycle as heavy stocks, particularly of copper and zinc, overhang the market.

This was the message Sir James Foots, the chairman of MIM Holdings, conveyed to shareholders at the annual meeting in Brisbane yesterday.

The remarks were made against the background of generally higher third quarter figures for many international base metals groups, including MIM, which in the quarter to last September had net earnings of A$11.96m compared with A$8.8m in the same period of 1977 when figures were boosted by the sale of a stake in Thiess Holdings.

However, Sir James noted that since the end of June markets for copper, zinc, lead and silver had all improved. In the year to June both copper and zinc demand had been disappointing.

For the longer term, however, Sir James had no doubts. The relative efficiency of the Mount Isa operation and the expected steady growth in world demand for metals made MIM confident, he said.

But he was less than favourably inclined to suggestions that the Australian Government should become more involved in the international marketing of minerals with a system of guidelines for companies exporting iron ore, coal, bauxite and alumina.

He considered the proposal, put forward by Mr. Douglas Anthony, the Deputy Prime Minister, to be *counter-productive*. It would create uncertainty among buyers, who would spread wider their purchases in the international marketplace, Sir James said. Australia's market share and employment opportunities would be reduced.

The tenor of these remarks indicates the differing interpretations *being placed on* Mr. Anthony's proposals. At the end of last month, Mr. Gordon Jackson, the general manager of CSR, said Mr. Anthony's statement seemed to reconfirm established principles rather than introduce new ones.

Mr. Jackson construed the policy as seeking to make the present approach work better through consultations.

In London yesterday, MIM shares, which will soon be delisted from the London register, *were 180p*.

Afton start-up helps Teck

TECK CORPORATION, the Vancouver mining and oil group, had net income from operations of C$4.5m (£1.98m), or 65 cents a share, in the year to last September, compared with C$4.2m, or 60 cents a share, in the previous year, reports John Soganich from Toronto.

The overall improvement was attributed to the fall in the value of the Canadian dollar, higher metal prices and the initial contribution from the 65 per cent owned Afton Mines.

Afton Mines formally started production on May 1, and its profits for the months to September were C$7.8m (£3.4m) before depreciation and deferred taxes. Its blister copper goes to BICC and Delta Metal in the UK.

A company statement said that total revenue, including gold and silver, was equivalent to C$1.0 per pound of copper and operating costs averaged 50 cents. Sales included 26.06m lb of copper.

The coming on stream of Afton coincided with a marked improvement in Teck's earnings per share. Considered on a quarterly basis, in the first quarter they were 4 cents, in the second 6 cents, before jumping to 19 cents in the third quarter and 36 cents in the final three months.

Teck is raising its semi-annual dividend rate to 12.5 cents (5.5p) from 10 cents at the next payment due on December 15.

AOKAM SETS UP THAI COMPANY

Two Kuala Lumpur-based tin companies with operating interests in Thailand are to establish Thai operating companies supported by local equity. This is revealed by Encik Abdul Rahim Ali, the chairman of both Aokam Tin and Tongkah Harbour Tin Dredging, in annual statements.

Aokam's leases in the Bhuket Bay area of Thailand expire at the end of the year. The company is to sell its assets to a new Thai-registered company in which Thai interests will participate. The new leases will be issued to this organisation. Final details are being settled.

Tongkah Harbour Tin also has leases in Bhuket Bay, but they expire in 1980. It has been having negotiations about the establishment of a Thai operating company, but the position is not so advanced as at Aokam.

● *The reconstruction of* Killinghall Tin into a Malaysian company will take place on January 11, 1979. Shareholders will be issued with two shares each of M$1.0 plus M$8.19 (190p) in cash for every share of 25p in the existing company.

GOLD OUTPUT SLIPS AGAIN

South African gold production *last month slipped under 1.9m* ozs for the first time since June, according to the latest output statistics published by the Chamber of Mines.

Total mine output was 1,894,900 oz in October, compared with a *re-stated 1,984,318 oz in September* and 1,901,828 oz in October last year. The cumulative total so far in 1978 is 18,985,087 oz, just fractionally more than the total of 18,779,153 oz at this time last year when output was *abnormally depressed*.

On average about 44 per cent of total mine output is going into the manufacture of Krugerrand gold coins, and yesterday Mr. P. A. von Wiellich, the president of the Chamber, said in Johannesburg that sales this *month* were at peak levels.

So far in November, Krugerrand sales have reached 789,359 *coins, exceeding the earlier* monthly peak of 600,030 coins last January. Total sales this year have reached 3.29m coins against 3.23m in 1977 and the previous record of 4.8m in 1975.

In a comment on the recent instability on the bullion market, Mr. von Wiellich said, "We are hopeful that the gold price will remain reasonably stable and are not daunted by the current undue *reaction*."

Common Bros. sees shortfall

IN HIS annual statement Sir Rupert Speir, chairman of Common Brothers, says that he does *not anticipate that overall trading* results of the group's fleet will be comparable with those achieved in 1978.

The products tanker market shows signs of revival which appears to be more soundly based than previous upturns which were short *lived*, states Sir Rupert. Heating coils have been installed in the mv Kurdistan enabling the vessel to carry heavier oils and increasing trading flexibility.

The vessel has been fixed for two months from the end of October at a profitable rate while the two sister vessels are fixed until the early spring of 1979 at reasonable rates.

The product tanker fleet therefore offers better prospects than envisaged last year.

In the year under review the *dry cargo fleet contributed profit*ably to results but is now subject to a marked weakness in freights likely to result in losses on operations in the year to June 30, 1979.

Against this general background the group has moved into 1978-79 *in a much stronger financial* position than a year ago.

As reported on November 10, trading profit for the year to June 30, 1978, fell from £580,000 to £253,000 but boosted by a surplus on sale of ships amounting to £2.55m, pre-tax profits turned in at £2.08m compared with a loss of £0.56m.

A statement of source and application of funds shows an *increase* of £3.9m (£0.24m) in liquid funds.

STYLO SUBSIDIARY TO CANCEL SHARES

Stylo Shoes' subsidiary Stylo Barrall shoes intends to submit *proposals for the cancellation* of the 144,484 7 per cent cumulative preference shares not already held by Stylo Shoes at 68p per share cash. Proposal to be effected by a scheme of arrangement.

Winding-up orders for 47 companies

Orders for the compulsory winding up of 47 limited companies have been made by Mr. Justice Brightman in the High Court.

They were: Nexus Record Productions, Rolofield, Capital and Suburban Investments, Scott Daniel (Adhesives), Chelspur.

South Dorset Laundries, Hyndburn Engineering Company, M. J. Kehoe Company, Northwest Imports and Exports (Manchester), *Oldfield Brickwork Company*, Orrell Park Transport.

Advanced London Diving Services, Blandcombe, Carol Marshall (Enterprises), Ganebilt, Gavin Starey Industrial Communications, Gavin Starey Industrial Liaison.

Giotto, Pleasanthill Builders, Swaisland Matthews, Sounds in Motion (Northern), The Bishops Corner (Investments), Fairmain Properties.

Five Star Southern Brickwork, Griggs Bartlett, Hawtree Estates, Hectare Properties, Anderstyle, Nestastar.

Chapman Roofing and Flooring *Greek Express, Canvins' (Park* Street), Alfred Isaacs and Sons, Chipco.

I.N.M. Properties, Jukes Heating, Greentrim, Ashle Construction Co., Carlton Steel (London).

Mercy Enterprises Company, Dean Laroche Associates, Industrial Heating Services (Shepperton), Waldefield, Spanbray, David Salvatori, Paverwell and Lancaster Builders.

Compulsory orders against *Kinky Klothes of Carnaby Street* made on October 30 and Finegrowth (November 6) were rescinded. By consent, both petitions were dismissed.

NORTH AMERICAN NEWS

Addressograph Multigraph well ahead

By Our Financial Staff

NET INCOME of business equipment manufacturer Addressograph-Multigraph for the first quarter of the current business year rose from $2.04m or 24 cents a share to $4.41m or 41 cents, on sales revenues up from $8.35m to $8.4m.

Mr. Roy Ash, chairman, told the annual meeting that business was good and results were on target for the year, but he declined to make any specific earnings projection. Mr. Ash said he would not argue with analysts who have estimated the company's net earnings for the year ranging from $3.25 a share to $3.40.

Shareholders approved a change in the company's name to AM International Incorporated.

Ford faces $175m cut by UK strike

BY JOHN WYLES

NEW YORK. Nov. 21.

THE STRIKE by workers at Britain's Ford Motor Company, now in its ninth week, is likely to reduce the fourth quarter earnings of the U.S. parent company by up to $175m.

This will make the dispute the most damaging overseas disturbance in many years for the company and comes at a time when Ford is particularly dependent on foreign earnings. Fully 55 per cent of Ford's $1.39bn net income for the first nine months of this year was earned overseas, reflecting not just the strength of Ford's foreign operations but also the decline in profitability of its U.S. car production.

For the whole of 1977, overseas business contributed 29 per cent of sales and 42 per cent of net income.

Ford estimates that the British strike has cost production of 117,000 units with a showroom value of $450m.

Mr. Harvey Heinbach, auto industry analyst with Merrill Lynch, estimated today that this could wipe up to $1.50 a share or close to $175m off Ford's fourth quarter net income. Before the strike Mr. Heinbach and other analysts had projected full year earnings of around $14.10 per share.

The loss of income will have some impact on Ford's ability to finance its $3bn capital spending plans for next year, and it is thought likely that it may have to draw down more heavily than otherwise from its substantial cash reserves which stood at $1.93bn at the end of September. Much depends, however, on how much of the lost income Ford can recoup in the first quarter of next year. Traditionally auto company earnings bounce back after a major stoppage.

Ford will certainly be pushing for a successful rebound because of its current U.S. problems, which range from a struggle to meet the Government's fuel economy regulations to a mounting series of recalls. During the last six weeks Ford has been losing market share to General Motors, partly because it is having to clamp down on sales of cars equipped with V8 engines. In common with the other Detroit companies Ford has to adjust its sales mix so that the average fuel consumption of car sales is not less than 19 miles to the gallon in the current model year.

Unfortunately for Ford the make-up of its 1979 fleet is such that it has very little margin on fuel consumption. It is substantially dependent on maintaining sales of its Ford Pinto small car, whose attractions have been badly affected by allegations that early models were prone to burst into flames after rear end collisions.

At the same time the company is undergoing a Government investigation into allegations that it paid close to $900,000 in bribes to win a $30m contract in Indonesia in 1975.

Finally, a group of shareholders, are suing the company and its chairman, Mr. Henry Ford II, over the bribe.

CANADIAN RETAILING MERGER

A bold move by the Bay

BY ROBERT GIBBENS IN MONTREAL

HUDSON'S BAY CO., incorporated under Royal Charter in England in 1670 as "The Governor and Company of Adventurers of England trading into Hudson's Bay," has just made what industry analysts are describing as "the boldest move in Canadian retailing."

It has bid for control of Simpsons Ltd., the major Eastern Canada department store chain, which in turn owns 41 per cent of the country's largest retail merchandiser, Simpsons-Sears.

Simpsons and Simpsons-Sears had already proposed to merge by the year-end.

This summer Simpsons proposed to merge share-for-share with Simpsons-Sears, forming a unit with annual sales of about C$2.7bn, the biggest in the country. Simpsons-Sears would have been the surviving company; the Burton family of Toronto, which controls Simpsons, would have retained a major say. Sears Roebuck, of Chicago, which now owns 40 per cent of Simpsons-Sears and whose expertise has helped its tremendous growth over 25 years, would retain one third of the merged group.

Because of the continuing large interest of Sears Roebuck, the merger had to go to the Foreign Investment Review Agency, which advises the Federal Cabinet in such cases.

In 1977, Simpsons-Sears earned C$44.9m or 60 cents a share on sales of just over C$2bn. Sales in the first half of this year were running about 14 per cent higher, due to temporary reductions in provincial sales taxes. It has 62 retail stores across Canada, 819 catalogue offices and four catalogue centres, plus interests in insurance, appliances and shopping centres.

It applies North American mass-merchandising methods, and absorbed the catalogue operations of the Eaton chain several years ago. Simpsons, with sales last year of C$838m has a more middle class image, and is more heavily represented in downtown areas. The company has 21 department stores, mainly in Toronto and Montreal. It earned C$25m or 60 cents a share last year including its equity interest in Simpsons-Sears. Without that, earnings were C$10.8m. Growth has been slower than at Simpsons-Sears. Its stores are generally larger. She two organisations together cover a very large section of the total market.

Last week, the Bay's president, Mr. Don McGiverin, one of the architects of the transfer in 1970 of the company's headquarters from the U.K. to Canada, and himself a former vice-president of Eaton's, moved in with his bid for Simpsons. The terms announced this week valued the Simpsons equity at C$388m and worked out at C$8.27 per share in Bay stock and cash for each Simpsons share. Last trade in Simpsons was C$6.50.

The Bay had just completed the takeover of Zeller's the Eastern Canada mass merchandiser, broadening its market downwards. The Bay stores in the cities traditionally have catered more for the middle class, though Mr. McGiverin has given them strong appeal to youth and to the mass buyer in recent years. The Zeller's deal cost C$75m, and one result was that western merchandiser Mr. Joseph Segal became a sizeable stockholder in the Bay. Mr. Segal had bought Zeller's from the troubled W. T. Grant group of the U.S.

Earlier the Bay had sold its 35 per cent interest in Siebens Oil and Gas, a western and international developer, for about C$123m in Dome Petroleum preferred stock, providing a dividend income of C$8.8m annually. Sieben's shares, bought for C$13 a share in 1973, were sold for the equivalent of C$38.50.

Including Zellers, the Bay has annual revenues of nearly C$2bn. Last year (without Zellers) it earned C$29.8m or C$2.12 a share against C$24.8m or C$1.77 in 1976. Its own retail store sales were about C$1bn out of total revenues of C$1.4bn. The Bay has 38 flagship city stores with concentration in the west. It also has more than 200 small stores in less populous areas and in the far north.

It has major real estate holdings through Markborough Properties, operates the world's largest fur auction and has a large minority holding in Hudson's Bay Oil and Gas (Continental Oil) carried at well below market value.

The Federal Bureau of Competition Policy said the Bay's bid for Simpsons was viewed with "a great deal of concern." A preliminary investigation will take about 10 days to establish whether there are grounds for a full scale investigation.

The deal would give the Bay "a very large share of Canada's department store retail market," and the resulting company would "have few competitors of even approximate size."

Mr. McGiverin says he proposed the deal because Simpsons would complement the Bay's weight in western Canada. He would consider disposing of Simpsons' 40 per cent holding in Simpsons-Sears. That would have many advantages, not least because of its value. Analysts are busy guessing who might be in the running to buy the stake.

Court awards $1m to Liggett holders

By Stewart Fleming

NEW YORK, Nov. 21.

A FEDERAL judge has awarded $1m in damages to shareholders who charged that Liggett and Myers, now known as the Liggett Group, gave advance tips of adverse information to financial analysts in 1972.

The holders who are affected by the judge's decision are those who bought shares in the company during an eight day *period* in 1972. In his decision the judge said that these holders, in a class action suit, had proved that Liggett, a leading U.S. cigarette manufacturer, had improperly disclosed information about its 1972 first half earnings to selected securities analysts.

The suit followed a Securities and Exchange Commission suit making similar charges as a result of an investigation of Liggett's share price movement shortly before the publication of its earnings.

Standard Brands

Standard Brands has discovered several questionable foreign payments and practices and has appointed a *special committee to direct* an investigation. Reuter reports from New York. The company, making this report voluntarily, does not believe the matters are material "in any respect."

NTHWESTERN. STEEL & WIRE		
First Quarter	1978 $	1977 $
Revenue	105.6m	70.2m
Net profits	10.46m	4.81m
Net per share	1.39	0.64

PETROFINA CANADA		
First Quarter	1978 $	1977 $
Revenue	418m	N/A
Net profits	13.6m	16m
Net per share	1.36	1.66

PLANNING RESEARCH		
First Quarter	1978 $	1977 $
Revenue	60.4m	48.5m
Net profits	1.46m	1.24m
Net per share	0.21	0.18

Mexico takes stake in consortium bank

BY JOHN EVANS

THE Mexican Government is to take a 26 per cent shareholding in International Mexican Bank (Intermex), the London-based consortium bank.

The purchase will be carried out through a capital increase to be subscribed by Nacional Financiera and Banco Nacional de Comercio Exterior, two Mexican state-owned banking and financial institutions.

These two will each take a 13 per cent stake in Intermex Holdings SA, the group's Luxembourg-based holding company.

The existing shareholders will have their respective stakes diluted with the large Mexican commercial bank, Banco Nacional de Mexico, now having a 25 per cent interest. Bank of America 20 per cent, Deutsche Bank 12 per cent, Union Bank of Switzerland 12 per cent and Dai Ichi Kangyo Bank 5 per cent.

The Intermex Group was established in London in 1974, and has specialised in assembling international finance for Mexico, as well as some other Latin American countries.

Intermex officials stress that the Mexican Government's interest will not alter the group's basic role of operating as an international commercial bank, although it may take a more active role than in the past in participating in international loans and bond issues for Mexico.

Mr. Gerard Legrain, managing director of Intermex, said yesterday: "While we have occasionally acted as an underwriter for some Mexican issues on the international bond markets, one of our ambitions is now to be a market-maker for Mexico's international debt on the secondary markets."

The bank also foresees a greater role in short-term asset management on behalf of Mexican private and public-sector institutions.

Other London-based consortia banks to have Government or public-sector shareholders include the Iran Overseas Investment Bank and Saudi International Bank.

EUROBONDS

First Swiss franc FRN

BY FRANCIS GHILÈS

THE first Swiss franc denominated Floating Rate Note is being arranged by Banque Gutzwiller, Kurz Bungener for the Banque Nationale d'Algeria.

The amount of this issue is SwFr50m and the borrower is paying a spread of ¾ per cent over the six-month Swiss interbank rate (which currently stands at ½ per cent) with a minimum coupon of 4½ per cent.

The issue, which carries no guarantee, is expected to be priced at par. The minimum coupon being paid by this borrower for ten-year money is very close to what Brazil paid on a straight issue in Swiss Francs last month, 4½ per cent.

Prices in the Swiss secondary market remain depressed in the wake of the fall they suffered last week. They then dropped between one and two points and have remained at last Friday's level since then. But dealers say that the level of trading has remained fairly low since the beginning of the week.

Some investors have clearly decided that it was the right time to move back into dollar-denominated paper.

In the Deutsche-Mark sector, Occidental International Finance NV is to float a Dm150m twelve-year issue through Westdeutsche Landesbank. The notes, carrying an indicated coupon of 6½ per cent and guaranteed by the parent company Occidental Petroleum, will have an average life of 9.5 years.

The Dm50m bond for Hitachi Shipbuilding being arranged by the same bank was priced at par with no change in the indicated terms, a coupon of 5¾ per cent and a five-year maturity. The secondary market was very quiet yesterday with prices unchanged.

In the dollar sector the market had a mixed day with what dealers described as thin and very professional training. Prices mainly closed essentially unchanged on Tuesday's levels.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 21.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95¾	96¼	−0⅛	+0⅛	9.92
Australia 8.45 83	175	97⅛	97⅝	−0⅛	+0⅛	9.31
Australia 9 83	75	99½	100	0	+0⅛	9.37
Beatrice Foods 7⅞ 83	100	95½	96	−0⅛	+0⅜	8.93
CECA 8¾ 87	50	94¼	94¾	0	+0⅜	9.71
CECA 9 92	25	97½	98	−0⅛	+0⅜	9.28
CECA 9¼ 99	25	98¾	99¼	+0⅛	+1	9.37
CNT 9 93	75	96½	97	−0⅛	+1½	9.41
Canada 8 83	250	96⅛	96⅝	0	+0⅛	9.22
Canada 8.20 85	250	95¼	95¾	−0⅛	0	9.30
Canada 8⅞ 95	250	95	95½	0	+0⅛	9.36
Canada 9 83	400	100	100½	−0⅛	+0⅛	9.16
Canada 9¼ 98	350	100⅞	101⅜	0	+0⅜	9.36
Canadair 8⅞ 83	70	95¾	96¼	+0⅛	+1⅛	9.63
Dominion Bridge Co. 9 86	25	93½	94	0	+0⅛	10.20
EIB 8¾ 87	100	96¾	97¼	0	+0⅛	9.45
EIB 9¼ 95	125	98⅛	98⅝	−0⅛	+0⅛	9.52
EIB 9½ 98	100	99	99½	−0⅛	+1⅛	9.53
Elsam Jutland 9 83	25	95½	96	−0⅛	+0⅛	9.92
Eksportfinans 9 86	50	97	97½	0	+0⅜	9.50
Finland 8⅞ 83	100	97⅝	98⅛	−0⅛	+1	9.55
Finland 9 88	100	97	97½	−0⅛	+0⅛	9.65
Hospital O S 9 83	25	96⅛	96⅝	0	+1⅛	9.97
Ifel Finance 9½ 88	25	94¼	94¾	0	+0⅛	10.71
Ifel Finance 9¾ 90	20	93¼	93¾	+0⅛	+1⅛	11.10
J. C. Penney 8⅞ 83	100	97⅛	97⅝	−0⅛	+0⅛	9.16
Mac Bloedel 9¼ 93	50	98⅛	98⅝	−0⅛	+1⅛	9.45
NZ Dev. Fin. 8⅜ 83	20	94	94½	0	+0⅛	9.73
NZ Dev. Fin. 8⅞ 85	20	93⅞	94⅜	−0⅛	+0⅜	9.61
Nat. West. 9 86	75	97½	98	0	+1⅛	9.42
Newfoundland 9¼ 90	50	98	98½	−0⅛	+1⅛	9.49
Nord Inv. Bk. 8⅞ 88	25	96¾	97¼	−0⅛	+0⅜	9.20
Norges Komm. 9¼ 98	75	98⅛	98⅝	+0⅛	+1	9.49
Norway 7¾ 83	250	94⅞	95⅜	0	+1⅛	9.31
Norway 8¾ 83	150	98⅛	98⅝	0	+0⅛	9.36
Occidental 8½ 83	75	92⅛	92⅝	0	+0⅛	10.50
Ont. Hydro 8¾ 83	125	95⅜	96⅛	−0⅛	+0⅛	9.33
Quebec Hydro 9¼ 93	50	98⅜	99⅛	−0⅛	+1⅛	9.60
Sweden 9¼ 98	125	99⅛	99⅝	0	+1	9.54
UK 8⅞ 83	203	96½	97	−0⅛	+0⅛	9.39
UK 8¾ 93	150	97⅝	98⅛	0	+0⅛	9.33

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	94¾	95½	−0⅛	−0⅛	7.20
Asian Develop. Bk. 5½ 88	100	93½	94	−0⅛	0	6.40
Australia 6 88	250	100⅞	101⅛	−0⅛	−0⅛	5.88
Austria 5½ 90	150	95½	96	−0⅛	−0⅛	6.26
BankAmerica 5¾ 90	150	98⅞	99⅜	−0⅛	−0⅛	5.85
Bque. Ext. Algerie 7¾ 85	100	95¾	96¼	−0⅛	−0⅛	8.07
CECA 6 88	150	97⅛	97⅝	−0⅛	+0⅛	6.36
Canada 4¾ 83	600	97⅛	97⅝	−0⅛	+0⅛	5.32
Chase Manhattan O/S 6 93	100	102	102½	0	0	5.77
Commerzbank Int. WW 4	100	105½	106½	−1	+0⅛	2.81
Commerzbank Int. XW 4	100	83½	83¾	0	+0⅛	5.73
Copenhagen City 6 90	75	95⅜	96⅛	−0⅛	+0⅛	6.47
Council of Europe 6¼	150	97½	98⅛	−0⅛	−0⅛	6.42
EIB 6 90	300	97⅛	97⅝	−0⅛	0	6.33
Elf Aquitaine 5¾ 88	100	93½	94⅛	−0⅛	−0⅛	6.11
IBJ 5 84	100	98⅜	99⅛	−0⅛	+0⅛	5.20
Indonesia 7 84	130	96¾	97¼	0	−0⅛	7.05
Kobe, City of 5¾ 86	100	100⅞	101⅜	−0⅛	+0⅛	5.62
Light Servicos de Elec.	150	97⅛	97⅝	−0⅛	+0⅛	7.18
Mexico 6 85	200	95⅛	96⅛	−0⅛	0	6.84
Mitsubishi Petro 5¾ 85	100	100⅛	101⅛	−0⅛	−0⅛	5.54
Nippon Steel 5¾ 85	100	100½	101	−0⅛	−1	5.63
Norges Komm 6 90	100	98⅛	98⅝	0	−0⅛	6.12
Norway 4¾ 83	250	96⅛	96⅝	−0⅛	+0⅛	5.29
Norwegian Ind. Bk. 6 90	125	97⅛	98⅛	−0⅛	−0⅛	6.23
Petroleo Brazil 7 84	100	98⅜	99⅛	−0⅛	+0⅛	7.12
Philippines 6½ 85	100	95⅛	96⅛	−0⅛	+0⅛	7.61
PK Banken 5¾ 86	100	97½	98	0	+0⅛	6.64
Quebec, Province of 6 90	150	95⅜	96⅛	−0⅛	−0⅛	6.52
Rautaruukki Oy 5¾ 88	50	93½	94	0	0	6.68
Ricoh 5½ 83	30	100⅜	100⅞	0	−0⅛	5.15
Spain 6 88	200	96⅜	96⅞	+0⅛	+0⅛	6.50
Statoil 6 88	150	99⅛	99⅝	−0⅛	−0⅛	6.07
Trondheim, City of 5¾	35	94⅛	95⅛	−0⅛	−0⅛	6.49
UDS Group 5¾ 83	65	96⅞	97⅜	0	+0⅛	6.49
Venezuela 6½ 90	150	94	94½	−0⅛	−0⅛	7.22

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	102½	103	+1	−2½	4.38
Arlberg Tunnel 4 93	40	98	98½	+0⅛	−1½	4.16
Asea 3¾ 93	100	92½	92¾	0	−2½	4.47
Chase Manhattan 4 93	70	99½	100	+0⅛	−3½	4.02
CVRD 4¾ 90	50	95	95½	0	−3½	5.31
Council of Europe 4½	65	99	99½	+1	−2½	4.57
BankAmerica 3¾ 93	80	98½	98⅞	+0⅛	−3½	3.88
BNDE 5 88	75	99⅛	99⅝	+0⅛	−1⅛	5.08
Denmark 4½ 90	100	100	100½	−0⅛	−2½	4.47
Denmark Mortgage Bk.	80	101	101½	+0⅛	−2½	4.36
EIB 4½ 93	100	97½	97⅞	0	−3½	4.02
Euratom 4½ 93	80	96⅞	97⅜	−1⅛	−4⅛	4.53
F. L. Smidth 4½ 89	25	99	99½	0	−1½	4.59
Finland 4 93	80	98½	99	−0⅛	−3½	4.62
GZB 4½ 93	100	99½	100½	−0⅛	−2½	4.58
Hilti-Liechtenstein 4¼	25	102	102½	−0⅛	−3	4.04
ICI Fin. NV 4½ 93	100	100	100½	−0⅛	−2½	4.22
Malaysia 4¾ 90	20	98½	98⅞	+0⅛	−1½	4.93
Manitoba 4 93	100	98	98½	−0⅛	−3½	4.16
New Brunswick EPC 4¼	100	94	94½	0	−3½	4.29
Nevada 4 93	70	96⅞	97⅜	0	−3	4.22
Norges Komm. 4½ 93	100	98½	99	−0⅛	−3½	4.39
OKB 4 93	25	99⅛	99⅝	−0⅛	−1	4.04
Oy Nokia 5 90	20	102	102½	0	0	4.74
Sate 4½ 93	30	100½	101	−0⅛	−0⅛	4.18
Sandvik 4 90	85	99½	100⅛	+0⅛	−1½	4.01
Sogs 4¾ 88	75	100	100½	+0⅛	0	4.66
Voest-Alpine 4½ 93	100	100	100½	0	−2	4.07
Vorarlberg Kraft 4 93	30	98½	99	−0⅛	−2	4.11
Vienna 4 93	110	98⅞	99⅛	+0⅛	−1½	4.10
World Bank 4½ 93	250	99½	100	+1	−2½	4.27

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5⅞ 88	15	97½	98⅛	−0⅛	−0⅛	6.21
Australia 6.6 90	50	100⅞	101⅛	−0⅛	−0⅛	6.58
BFCE 6.4 90	30	96⅛	97⅛	−0⅛	−0⅛	6.92
Eurofima 6.3 90	10	98½	99	0	+0⅛	6.50
Finland 6.7 88	25	97⅜	98⅛	−0⅛	−0⅛	7.10
Norway 5.7 83	25	102½	103½	−0⅛	−0⅛	5.05
Oslo, City of 6.6 90	15	97⅛	98⅛	−0⅛	−1	7.02
SNCF 6.6 90	20	96⅜	97⅛	−0⅛	−1½	7.06
Sweden 6.3 90	40	95⅞	96⅜	−0⅛	−0⅛	6.89

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11¼ AS	12	95½	95⅞	−2½	−1⅛	12.38
Auto Cote Basq. 7 93 EUA	16	97	98	0	+0⅛	7.26
Copenhagen 7 93 EUA	30	96⅞	97⅜	0	+0⅛	7.29
Finland Ind. Bk. 7 93 EUA	15	96⅛	97⅛	0	0	7.35
Komm. Inst. 7½ 93 EUA	15	98⅛	99⅛	0	+0⅛	7.65
Panama 8½ 93 EUA	20	95½	96⅛	−0⅛	−0⅛	8.74
SDR France 7 93 EUA	22	97⅜	98⅛	0	+0⅛	7.39
Algemene Bk. 6½ 83 Fl	75	92⅛	93⅛	−0⅛	−1⅛	8.16
Brazil 7½ 83 Fl	75	93⅞	94⅜	−0⅛	−0⅛	9.06
CFE Mexico 7½ 83 Fl	75	96⅛	97⅛	0	−0⅛	8.60
EIB 7¾ 85 Fl	75	93½	94⅛	−0⅛	−0⅛	8.43
Neder. Middenb. 6½ 83 Fl	75	94⅛	95⅛	−0⅛	−1⅛	7.84
New Zealand 6¾ 84 Fl	75	94⅛	95⅛	−0⅛	−1⅛	7.93
Norway 6½ 83 Fl	100	93½	94½	−0⅛	−0⅛	8.24
OKB 6¾ 85 Fl	75	91½	92½	0	−0⅛	8.02
EIB 9½ 88 FFr	200	98⅛	98⅝	−0⅛	+0⅛	9.99
BAT 8 88 LuxFr	250	95	96	−0⅛	0	8.70
Bayer Lux. 8 88 LuxFr	250	95	96	+0⅛	+0⅛	8.81
EIB 7¾ 88 LuxFr	250	94⅛	95⅛	0	−0⅛	8.46
Finland I. Fd. 8 88 LuxFr	250	95½	96½	0	+0⅛	8.58
Norway 7¾ 83 LuxFr	250	96⅛	97⅛	0	+0⅛	8.57
Renault 7¾ 88 LuxFr	500	96⅞	97⅞	0	+0⅛	8.22
Solvay Fin. 8 83 LuxFr	500	99⅜	100⅜	+0⅛	+0⅛	8.02
Swedish I. Bk. 8 88 LuxFr	500	99½	100½	0	+0⅛	7.99
Citicorp O/S Fin. 10 93 £	20	84⅛	85⅛	+0⅛	+1½	12.21
Finance for Ind. 10 89 £	12	83½	84½	0	+1½	12.91
Gestetner Hld. BV 11 88 £	10	86⅞	87⅞	0	+0⅛	13.03
Oranjeboom 10½ 90 £	15	84⅛	85⅛	+0⅛	−0⅛	12.76
Whitbread 10½ 90 £	15	84⅛	85⅛	0	+1½	13.08

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 82	0¼	99	99½	28/4	10⅛	10.21
Arab Intl. Bank M6 5 83	0¾	95½	96⅛	31/1	9⅛	9.65
Banco Nac. Argent. M5 83	0⅞	96⅛	96⅝	21/2	9⅛	9.72
Bank Handlowy M9 88	1⅛	96⅛	97⅛	25/11	9.56	9.86
Bank of Tokyo M5½ 93	0¼	96½	97	18/4	10⅛	10.25
Banque Worms M5½ 93	0¼	97½	98⅛	15/12	9	9.18
Bq. Ext. d'Alg. M5.375 84	0¼	97⅛	97⅝	9/2	9⅛	9.87
Bque. Ext. d'Alg. M7.5 85	0⅞	95⅜	96⅛	2/5	12⅛	13.26
Bque. Indo et Suez M5½	0¼	97⅛	98⅛	25/1	9⅛	9.58
Bq. Int. Afr. Occ. M6.5 83	0½	96⅛	97⅛	12/1	9⅛	9.65
CCCE M5.25 98	0¼	96⅛	97⅛	3/2	9.19	9.42
CCF M5½ 85	0¼	99⅛	99⅝	3/5	12⅛	12.33
Chase Man. O/S M5½ 93	0¼	96⅞	97⅛	27/1	9.31	9.61
Credit National M5½ 88	0¼	97	97½	11/1	9.19	9.45
Gotabanken M6 88	0⅞	97⅛	97⅝	15/5	12.31	12.61
Ishikawajima M5½ 85	0¼	97½	98⅛	27/4	11⅛	11.48
Ljubljanska M7.75 85	1	96⅛	96⅝	19/1	10⅛	10.62
LTCB Japan M5½ 85	0⅞	98⅛	99	9/5	12.86	12.22
Midland Intl. M5½ 93	0¼	97⅛	97⅝	20/1	9.44	9.69
Nat. West. M5½ 90	0¼	97½	97⅞	21/12	9.31	9.55
Nippon Credit M5½ 83	0¼	98	98½	15/3	9⅛	9.67
OKB M5½ 88	0¼	99⅛	99⅝	18/4	10.56	10.63
Offshore Mining 88	0¼	97⅛	97⅝	19/1	9.44	9.67
SFTE M8 83	0⅞	98½	98⅞	5/4	10.69	10.86
Standard Chart. M5.5 94	0¼	96	96½	10/2	8.94	9.29
Sundsvallsbanken M6 85	0¼	96⅞	97⅛	4/4	10.06	10.39
Utd. Overseas Bk. M6 83	0¼	98½	99½	6/5	12.31	12.86

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	98⅛	99⅛	+0⅛	4.49
Baker Int. Fin. 5½ 94	1/79	34	99	99½	−0⅛	5.16
Boots 6¾ 93	2/78	2.16	89	89½	+0⅛	−5.55
Coca-Cola Bottling 6½	4/79	9	85⅛	86⅛	+0⅛	17.08
Ito-Yokado 5½ 93	6/78	1473	130½	131	+0⅛	−0.25
Novo Industri 7 86	4/79	259	92	93⅛	+0⅛	2.78
Texas Int. Air 7¾ 93	4/79	14.5	82½	83½	−0⅛	28.11
Thorn Int. Fin. 7 88	11/78	3.67	95½	96½	+0⅛	−2.17
Tyco Int. Fin. 8½ 88	9/78	22	93½	94½	+0⅛	70.35
Tyco Int. Fin. 5 84	5/78	61.5	71½	73	+0⅛	171.78
Asahi Optical 3½ DM	12/78	588	93½	94½	−0⅛	13.83
Casio Comp. 3½ 85 DM	11/78	841	105½	106½	+0⅛	2.25
Izumiya 3½ 86 DM	10/78	959	104½	105½	−0⅛	4.59
Jusco 3½ 86 DM	1/79	1270	97⅛	98⅛	−0⅛	13.20
Konishiroku 3½ 85 DM	1/79	612	97½	98⅛	−0⅛	3.60
Marudai Food 3½ DM	7/79	1033	103⅛	104⅛	−0⅛	12.10
Murata Man. 3½ 86 DM	11/78	854	95⅛	96⅛	−1⅛	−0.24
Nippon Air. 3.5 88 DM	12/78	538	93⅛	94⅛	−0⅛	4.06
Nippon Shinpan 3½ DM	8/78	738	119½	121⅛	−0⅛	−8.82
Nissan Diesel 3½ 86 DM	2/79	477	98	99	+0⅛	12.03
Olympus Optical 3½ 85 DM	2/79	703	97⅛	98⅛	0	−0.34
Ricoh 3½ 86 DM	10/78	617	103½	104½	0	12.25
Sankyo Electric 3½ DM	8/78	869	116⅛	117⅛	−1⅛	2.16
Sanyo Electric 3½ DM	11/78	295	92⅛	93½	−0⅛	2.79
Seiyu Stores 3½ 86 DM	9/78	1275	114⅛	115⅛	0	−2.09
Stanley Electric 3½ DM	11/78	623	96⅛	97⅛	−0⅛	−6.19
Trio-Kenwood 3½ 86 DM	11/78	711	94⅛	95⅛	+0⅛	8.61

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bayer counts the cost of decline of the dollar

BY GUY HAWTIN

FRANKFURT, Nov. 21.

THE DECLINE in the value of the dollar has wreaked havoc on the Bayer figures. Despite excellent growth rates reported by many of its overseas subsidiaries, profits and turnover this year have taken a pounding.

Bayer has the reputation of being the most outward-looking of West Germany's "Big-Three" chemical concerns — although Hoechst and BASF have high export ratios and substantial foreign investments.

Professor Herbert Gruenewald, the group's chief executive, today announced that, while volume output rose by 4 per cent during the first three quarters of the year, cash turnover dropped by 0.6 per cent and pre-tax profits fell by 4.7 per cent.

"The Deutsche Mark has been revalued against the dollar by 19.5 per cent during the past 10 months — even allowing for differences in inflation rates, it was still a revaluation of 14 per cent," he said. "You can judge for yourselves the difficulties we are having on the export front."

Bayer was hoping that the dollar would stabilise at equivalent purchasing powers— which Professor Gruenewald put at DM 2.20. If it did so, the group would see a powerful growth rate in 1979.

"Volume growth next year is expected to be between 2 and 3 per cent, but when forecasting turnover one has to remember the effect of the dollar," he said. "If it strengthens one could see turnover improve by 18 or 19 per cent, but if the position deteriorates, cash sales growth could be nil."

Dr. Herbert Gruenwald, chief executive

The effects of the decline of the dollar can be judged from the performance of the group's important overseas subsidiaries. In Brazil, for instance, turnover rose in local currency terms by 47 per cent, but by the time it was converted into Deutsche Marks the expansion rate fell to 3 per cent. In the U.S. market, cash turnover by its two leading subsidiaries increased by 25 per cent, although in D-Mark terms the expansion rate was reduced to 10 per cent.

In one case, comparative revaluations worked to Bayer's advantage. In Yen terms sales of the Japanese subsidiary grew by only 1 per cent, but, because of the appreciation of the yen against the D-Mark, the German figures showed a 9 per cent increase.

Bayer's world sales were up by 6.5 per cent from DM 16.2bn at the end of the opening three quarters of 1977 to DM 17.26bn. The fastest growth rate came in the third quarter when turnover rose by 7.3 per cent from DM 5.18bn to DM 5.56bn. Gross profits, however, fell by 3.9 per cent from DM 849m to DM 816m.

Capital investment during the first nine months totalled DM 1.7bn, of which DM 650m went to Bayer AG. About two-thirds of the funds were invested in Germany with the rest going abroad. Some 32 per cent of these funds were devoted to replacement of outmoded plant, 18 per cent to environmental protection, expansion 39 per cent and 11 per cent rationalisation. Next year investment in environmental protection could well rise to 20 per cent, said Professor Gruenewald.

German bid for U.S. toehold in computers

By Our Financial Staff

PLANS for a small but significant toehold in the U.S. computer industry were announced yesterday by Mannesmann, the major West German engineering and construction group.

The company has acquired for $4.2m a 16 per cent shareholding in Tally Corporation, a purchase price that values the whole of Tally at more than $26m. Tally manufactures computer printers, and Mannesmann hopes eventually to gain full control of the American company.

Mannesmann has purchased 111,700 Tally shares at $9.50 each from Pertec Computer Corporation of Los Angeles. In a filing with the Securities and Exchange Commission, the company explained that it purchased the shares as an investment, but with an eye to possible acquisition of additional shares in the near future. Mannesmann intends to seek representation on the Tally board and is contemplating a tender offer for the remaining shares or a merger proposal.

KORF'S LINKS WITH KUWAIT

The silent infiltration

BY ANDREW FISHER

Three years after the event, the Korf steel group has announced that Kuwait had bought large stakes in its U.S. and German operations. Both sides are keeping quiet about the cost, but Korf looks set for rapid expansion in the U.S. and hopes to eliminate its German losses

THE GENERAL reaction to Monday's unexpected news that Kuwait had, no less than three years ago, bought sizeable stakes in the West German and U.S. interests of the steel group headed by Willy Korf was one of muted surprise.

Back in 1975, the response might well have been a good deal more shrill, with memories then still clear in the German business world of how Kuwait had managed to buy 14 per cent of Daimler-Benz, one of the country's biggest and most profitable companies. Iran was also keen on purchasing shares in Daimler, but was forestalled when Deutsche Bank jumped in smartly with a DM 2bn payment for a large slice of the shares in the motor group that the privately-owned Flick company was eager to sell.

Matching their original discretion with a reticence that seems scarcely less extreme, neither Willy Korf nor Kuwait have drawn any direct parallels between the general attitude to investments from the Middle East in the post-oil crisis years and their decision not to publicise the deal at the time.

According to the Korf group, the initial secrecy was at the wish of the Kuwaiti Ministry of Finance, the body which took the two holdings of 30 per cent each in the U.S. and German interests.

The obvious unanswered question is how much Kuwait was prepared to pay for its twin stakes in Korf, with the German share purchase following the U.S. deal by several months. The total cost has been estimated in the German press at some DM 200m ($104m at current exchange rates), but neither Kuwait nor Korf will make any comment on these figures.

Willy Korf himself has often been regarded as a sort of maverick on the German steel scene compared with such industry giants as Thyssen or Krupp, but appears to have largely shed his outsider status in recent years.

This is in large part due to the success of the Midrex direct reduction process pioneered by Korf. This involves the manufacture of iron, in a highly pure form, from ore pellets. Korf acquired the process early in 1974 from Midland-Ross of the U.S.

The Midrex process has been used in mini-steelmills in such developing countries as Saudi Arabia, Tunisia and Brazil, while it is also planned for use in larger steel complexes in Venezuela and the Soviet Union.

Korf regards its main competitor in the direct reduction field as Swindell-Dressler, also based in the U.S., although Thyssen has developed the Purofer system which has been licensed by Gutehoffnungshuette (GHH), Germany's largest engineering concern.

Because of the tight financial rein held by the 49-year-old Mr. Korf, it is not easy to gain a clear overall picture of the group. Korf-Stahl AG, in which Mr. Korf holds 70 per cent of the shares and Kuwait the rest, lost some DM 18m last year, much more than in the previous year, with red ink on the internal steel operations wiping out profits from the construction of plant using the Midrex process.

In the U.S., however, things are a good deal brighter. After losing money last year, the two plants at Georgetown in South Carolina and Beaumont, Texas, should produce profits of over $12m this year. Next year, says Mr. Roger Regelbrugge, the president of Korf Industries, the U.S. company with the same 70-30 shareholding between Mr Korf and Kuwait, "we are in good shape to do substantially better."

It is this end of the Korf concern that has been making most of the running in 1978. In terms of fixed asset value, the two plants—Beaumont is the newest and will eventually be the biggest—are worth some $250m, he says.

Korf Industries is aiming to produce some 1.2m tons of steel goods next year, of which the two plants will account for about half each. At present, the U.S. activities of Korf make up around a third of the group's total steep output. But this will approach 40 per cent in time, comments Mr. Regelbrugge.

In Germany, Korf-Stahl, whose headquarters is near the elegant Spa town of Baden-Baden, expects an improved result this year, though the losses are likely to remain. But exports have picked up, demand from the construction industry, a major user, has risen in past months, and the general outlook for 1979 is a good deal less gloomy.

The fact that the Cartel Office may fine Korf for keeping quiet about the Kuwaiti involvement does not seem to disturb the company unduly. There is no question of the deal being unravelled for competitive reasons. Nor are there any signs that the Kuwaitis, or the irrepressible Mr Korf for that matter, are at all embarrassed by the belated knowledge of their three-year-old transaction.

Dutch travel group to offer leisure loans

By Charles Batchelor

AMSTERDAM, Nov. 21.

A DUTCH travel group is to offer personal loans to its customers to finance holidays and other leisure-related purchases such as boats and holiday homes. The Holland International group, which has 100 travel agents' offices throughout the Netherlands, plans to introduce the new service from December 15.

This matches the move by banks in Holland 10 years ago into the holiday travel business. They have taken a growing share of the holiday market in recent years to the consternation of independent travel agents.

Rabobank sold 275,000 holidays in 1977, an increase of 75,000 on the year before, and it claims 17 per cent of the total holiday market. Amsterdam-Rotterdam Bank reported a 65 per cent increase in the number of holidays sold to 63,000 in 1977 and it expects a further increase to 70,000 this year. Amro offers Holland International holidays along with those of four other tour operators.

The 50 travel agencies operating as Holland International as well as the 50 which trade under the name Lissone Lindeman will offer personal loans along with their traditional holiday facilities and the arranging of holiday insurance, the company said. Holland International expects a growing demand for financing for holidays, pleasure boats, camping vans, caravans and holiday homes.

This will be done in conjunction with Financieringsmij Volt, an affiliate of the Nationale Nederlanden insurance concern.

Holland International is half owned by KLM-Royal Dutch Airlines with the Nedlloyd shipping group owning 37½ per cent and the Dutch railways 12½ per cent. The company has just completed a two-year reorganisation.

Increased demand for air holidays led to some improvement in its 1977 results, but the company is still making losses. Turnover rose 4 per cent in 1977 to Fl 662m.

Two-tier German issue

BY OUR FINANCIAL STAFF

THE West German Government *is to raise DM 1.2bn ($631m) on* the domestic capital market through a two-tier offering of six and ten-year bonds.

The terms of the latest issues are pitched right in line with the market and yesterday dealers expected the two offerings to be placed with the minimum of difficulty. Once again the authorities main funding accent lies with the shorter end of the market.

The two bonds, DM 700m over six years on a coupon of 6 per cent and DM 500m over 10 years at 6½ per cent, have been priced at 99½ and 99 respectively. The most recent Government-backed 10-year paper came from the Federal Railways, which 6½ per *cent offering is currently priced* at 99.

In Holland, the Fl 100m new issue from insurance group Ennia has been priced at 99¼. This 10-year bond reflects the continuing strength of the Dutch market where coupons for long-term paper have narrowed from 8¾ per cent to 8½ per cent since September.

Speculation in Paris suggests that the French national railway company, Ste Nationale des Chemins de fer Francaise (SNCF) will issue a FFr 900m bonds next week. The 17-year bond is expected to carry a coupon of 10 per cent and be priced at par.

Frionor sales advance

BY FAY GJESTER

OSLO, Nov. 21.

FRIONOR, the Norwegian frozen foods company with subsidiaries in Britain, the U.S., West Germany, Sweden and Switzerland, reports a 21 per cent turnover increase to Nkr 970m ($200m) in the year ended June 30, 1978. In volume, sales reached 78,700 tons of deep frozen products, of which fish and other sea foods accounted for about 70,000 tons.

The concern, which is a marketing organisation for 120 Norwegian freezing plants, says operating results were satisfactory during the year. The good results were achieved despite a marked rise in Norwegian operating costs, price freezes on some markets, inadequate raw material supplies and currency fluctuations which affected profits on sales to the U.S., Frionor's largest single market. Profits for the year are being channelled back to member plants in the form of a bonus on products supplied, amounting to a total of Nkr 8m for the operating year.

The report says production is still hampered by inadequate supplies of raw materials, and the concern could sell far more than its present production. Labour shortages, particularly during the seasons when fish landings were heaviest, also limited output. Despite these problems, however, Frionor's Norwegian plants increased total fillet production by 11.8 per cent in the year, to 60,000 tons. Output of further-processed products (fish sticks, croquettes etc.) rose by 4 per cent to 30,000 tons.

Belgian bond offering

BRUSSELS, Nov. 21.

THE PUBLIC bond offering by the Belgin Fonds des Routes, for which lists open next Monday, has been priced at 99 per cent. The bond, which closes on December 8, has a seven-year life and carries a coupon of 8.75 per cent. Effective yield is 8.95 per cent.

The banks are understood to have given commitments to take up to BFr 27bn in Fonds des Routes paper and the total sold could reach BFr 30 bn ($1bn). This would bring public bond borrowings this year to around BFr 290bn.

Reuter

Chapelle group rescue finalised

BY DAVID CURRY

PARIS, Nov. 21.

THE FINAL stage in the financial rescue of the Chapelle Darblay paper group is to be proposed to shareholders next month. It takes the form of the proposed absorption of the parent company, Société des Papeteries de la Chapelle by its two-thirds subsidiary and sole asset, Les Papeteries de la Chapelle Darblay.

The reorganisation has been made necessary by the severe losses suffered by the sector, which left the parent company at the end of last year with net liabilities of FFr 16m and the subsidiary with net liabilities of FFr 202m ($46m).

Since then, a rescue has been mounted with the aid, notably, of the Institut pour le Developpement Industriel (IDI), which is a state-backed body existing to take temporary positions in ailing, but recoverable companies, and the Paribas banking group.

The parent company's capital was written down to FFr 100,000, followed by a FFr 200m capital rise subscribed to by IDI and Paribas. Now the capital of the subsidiary will be reduced to FFr 33,000 before being lifted to FFr 180m ($40m) by the absorption of the parent company, which will go out of existence.

Parent company shareholders were asked at the time of the capital write-down to exchange their practically worthless old shares for new shares in the proportion of 1,010 for one new share. Now they will receive nine shares in the reorganised entity for each parcel of 10 new shares or 10,100 old shares in the former parent company.

● Creusot-Loire, the French heavy engineering group, said yesterday, reports AP-DJ, that it had received authorisation from the Canadian Government to acquire complete control of Brace-Mueller-Huntley, a Toronto-based steel trading company.

The French group said it would hold a 25 per cent direct stake in the Canadian company, the remaining 75 per cent interest is held by Brace-Mueller-Huntley (USA) Company, which is based in New York and which was bought last year by Creusot-Loire.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE SHIPPING COMPANIES

Yen rise brings sluggish trends

BY YOKO SHIBATA

TOKYO, Nov. 21.

JAPAN'S six major shipping companies have suffered from sluggish trends in cargo movement for container liner and conventional cargo ships as a result of the sharp appreciation of the yen in the first six months of the fiscal year to September.

Rationalisation measures, such as disposing of unprofitable ships and cancelling ships chartered in the high freight rate days, were offset by a cut in freight revenue, which derived partly from the dollar denominated settlement of freight rates and partly from the decline in export volume as a result of yen appreciation.

Variations in earning performance largely depended upon how far each company rationalised its operations. Nippon Yusen disposed of 10 vessels; the number was 12 for Mitsui O.S.K. and five for Yamashita Shin Nihon Steamship. After cancellation of ships, Nippon Yusen reduced its operating vessels from 348 to 308 and Mitsui O.S.K. dropped from 352 to 300 during the six months.

Nippon Yusen's freight revenue plunged by Y50bn ($255m) with dollar based settlement hit severely by the rise in the yen. However, the company was able to boost its current profits by 78 per cent to Y4bn. The sharp fall in freight revenue was more or less covered by price increases and a Y15bn reduction in its dollar denominated chartering fee and fuel costs as a result of the yen appreciation.

	Current profit first-half 1978-79 Ybn	% change on first-half 1977-78	Net profit first-half 1978-79 Ybn	% change on first-half 1977-78	Sales first-half 1978-79 Ybn	% change on first-half 1977-78
Nippon Yusen	4.0	+78.0	2.1	−46.0	191.6	−10.0
Mitsui OSK	−1.7	—	−4.1	—	167.7	−12.1
Yamashita Shin Nihon	5.2	−30.0	4.7	−47.0	69.8	−17.5
Kawasaki	−2.6	—	−0.79	—	112.9	−13.0
Sanko	−6.3	—	0.14	−22.8	140.8	−15.0
Showa Line	0.31	− 2.0	0.13	− 6.0	514.0	−10.0

The company faces declining profits in its liner division, in particular—its container division operating at a rate of 70 per cent, against 90 per cent a year ago. As a result, Nippon Yusen forecasts that its current profits will be halved for the current half-year. For the full year, the company expects Y6bn in current profits, up 38 per cent over fiscal 1977.

Mitsui O.S.K. experienced current deficits of Y1.78bn as a result of inactive cargo movements in Middle East, African and Latin American lines, on which the company is highly dependent. The company also failed to reduce the operation of car carriers to cope with declining car exports. The company, however, expects to achieve current profits for the full year through the reduction of unprofitable liners and the upturn trend of the tramp ship division.

Yamashita Shin Nihon Steamship expects the recovery in its tramper division will not sufficiently cover the further declining profits in the liner division. As a result, the company, despite Y500m financial revenue from a debenture operation, sees its current profits falling short of the previous years level for the current fiscal year.

Showa Line looks to maintain profits for the current fiscal year at the previous year's level, thanks to its operating the North American line, instead of the unprofitable European and Australian lines operated by other shipping companies.

Kawasaki and Sanko Steamship expects recovery in their deficit-ridden tanker divisions, helped by the Government's oil stockpiling scheme, using tankers and better demand in the tanker market. Sanko will contribute four VLCC tankers for the Government scheme, which is expected to reduce the company's deficits substantially.

Kawasaki faces a large deficit in its liner division for the current fiscal year. Both Sanko and Kawasaki foresee further increased deficits for the fiscal year ending next March.

Interim earnings at Kubota decline

By Our Own Correspondent

TOKYO, Nov. 21.

KUBOTA, manufacturer of cast iron pipes, agricultural industrial machinery reported a disappointing earnings performance for the last six months ended October, due to dull demand for agricultural machines and sagging export profitability by the appreciation of the yen.

Reflecting the Goverment's acreage reduction, Kubota's main line agricultural machinery sales declined by 14.5 per cent compared with a year ago. The slump in agricultural machinery was covered by environmental equipment such as waste water treatment facilities (up 100 per cent) on the strength of brisk public investment. As a result, the company's interim sales stayed at the same level as the previous year, at Y232.5bn ($1.2bn) (Y231.8bn in 1977).

However, deteriorating export profitability was not sufficiently covered by the effect from volume increase and price rises. Earnings worth Y3.3bn from financial transactions confined the setback in interim current profits to only 1.3 per cent at Y166.8bn ($855m). Kubota's interim net profits were at Y9.3bn ($47.7m) down 1.1 per cent over a year ago.

For the full year ending next March, sales are estimated at Y477bn ($2.4bn), up 3 per cent, and current profits and net profits at the same level as the previous year, at Y33.3bn and Y18.8bn, respectively.

Reuter.

Japanese banks to supply $40m slice of EDF loan

BY RICHARD C. HANSON

TOKYO, Nov. 21.

IT NOW appears that four or five Japanese banks will be allotted about $40m of the $600m credit being arranged for Electricité de France (EDF) by Credit Lyonnais, so ending a month-long ordeal which has upset officials in both France and Japan.

The banks which have applied for ordinary participation in the loan include the Industrial Bank of Japan, Dai-Ichi Kangyo Bank, Taiyo Kobe and Mitsubishi Trust. The French-originated credit, carrying a margin over 0.5 percentage point over Libor for 10 years, at one point in negotiations involved the possible inclusion of a much larger Japanese participation, with some banks here acting as co-managers. But a combination of factors, including a stern warning from the Japanese Finance Ministry, nearly ended Japanese involvement entirely.

The syndication first ran into trouble in Japan in early-October when Credit Lyonnais made initial soundings on a $300m loan for EDF at an interest rate of only ½ per cent above Libor.

Japanese banks played a key role in rejecting the slim spread, first because it would be barely profitable and secondly because the Finance Ministry and Bank of Japan had recently told them that they should avoid heavy lending at very low rates.

Such loans are now thought to tarnish the reputation of Japanese banks, and more importantly of the authorities themselves. The authorities here are highly sensitive to foreign criticism—even when they think it not valid. There was also some feeling among officials that the British authorities took advantage of Japanese banks in winning a very large loan at 0.5 per cent above Libor for the British Electricity Council earlier in the summer. The Finance Ministry estimates that it costs on average about ⅞ per cent above Eurodollar rates to fund and arrange medium-term lending, leaving a very slim margin of profit when the loan rate is ½ per cent.

Japanese Finance Ministry short-term capital division officials claim they were approached in mid-October by a small number of Japanese banks (as is customary) and informed that Credit Lyonnais wanted (or had agreed to) Japanese bank participation in the EDF credit of up to one-quarter of the total, or $150m. Co-managers were to put up $30m apiece. The officials say they had no objection to the participation as long as the loan was international in nature—that is, not Japanese dominated.

According to the Finance Ministry, about one week after the initial approaches it learned that Credit Lyonnais had also asked nearly every other major Japanese bank if they were interested in participating in the loan. More than 15 banks expressed an interest in co-managing it at $30m each. Credit Lyonnais apparently contacted each bank individually.

The short-term capital division of the Finance Ministry objected strongly to what looked to be a potentially very large (perhaps nearly half) portion in the loan. The Japanese banks were contacted and told to discuss among themselves how to keep the participation down to what it thought was the original target of $150m total participation. The Japanese banks soon after—en masse—told Credit Lyonnais that they did not want to be co-managers, but might be interested in participation generally as lesser members of the group.

News of the Japanese rejections upset the French monetary authorities because it appeared that Japanese authorities were forcing private banks to shun a very credit-worthy French state borrower (after lending to the British).

There had been no direct contact between the two sides.

The French authorities are reported among Japanese bankers to have been so upset as to allow no participation by Japanese banks at all, noting that the syndication could be completed without them. Credit Lyonnais took a different approach and sent invitations telexes for general participation to a few Japanese banks.

Clal makes underwriting debut

BY L. DANIEL

TEL AVIV, Nov. 21.

CLAL, Israel's largest investment company, will become the first non-banking institution to underwrite an issue on the Tel Aviv Stock Exchange. Its subsidiary, Clalit Securities, will participate in a consortium which will act as underwriters for issues by Elbit Electronics and Rapak Electronics.

Clalit Securities intends to assist new companies to raise capital by going public. This assistance will take the form of external consulting services or prior acquisition of a small part of the share capital so as to give Clalit the possibility of participating actively both in financial management and by means of its representation on the Board.

Meanwhile, two Clal subsidiaries have published a draft prospectus. Azorim Investment, Development and Construction, in which Clal currently holds 86.5 per cent of the equity, intends to make a one to one rights issue of I£25m ($1.42m) in the form of I£10 ordinary shares, as well as I£36m ($2.05m) of 20 per cent debentures, 1982-86 convertible into ordinary I£10 shares in the years 1979-86 and thirdly I£9m options of I£10 to purchase ordinary I£10 shares in 1979-81. The debentures and options will be offered to the public in 90,000 units of I£400 options.

At the same time, Azorim is offering to its parent company Clal, some I£4.2m ordinary I£10 shares in exchange for the latter's holding in Modul Beton.

Urdan Industries, a 98.6 per cent subsidiary of Clal Industries has published a draft prospectus for public issue of I£23m ordinary I£5 shares.

In addition, the company is offering existing shareholders I£1.5m ordinary I£1 shares together with I£19.2m ordinary I£5 shares at a price of 105 per cent and to its employees I£2.4m ordinary I£1 shares together with I£600,000 ordinary I£5 shares.

Smith Sugar in talks

By Our Own Correspondent

JOHANNESBURG, Nov. 21.

SHARES IN C. G. Smith Sugar, which last week reported lower interim profits for the six months to end-September, were suspended in Johannesburg yesterday, with a brief statement recording that talks were in progress which could affect the market price offered.

Company sources, however, indicated that the suspension would last about a week. No other sugar shares have been suspended, nor has C. G. Smith Sugar's associate, C. G. Smith Investments.

Rights issue oversubscribed

By Anthony Rowley

HONK KONG, Nov. 21

HONGKONG LAND Company announced today that its rights issue of roughly HK$600m (U.S.$125m) of 8 per cent unsecured loan stock with warrants, at par, has been oversubscribed.

The basis of allotment will be announced not later than November 23, and certificates will be posted by December 11, the company said.

Kiwi sales boost profit and dividend

By James Forth

SYDNEY, Nov. 21.

KIWI INTERNATIONAL, the Australian-based polish and household product group, raised its profit by 41.6 per cent, from A$2.63m to a record A$3.73m (U.S.$4.3m) in the year to August 31.

The directors have lifted the dividend payment from six cents a share to eight cents, which is covered by earnings of 18.1 cents a share, compared with 12.8 cents in 1976-77.

The result was achieved on an increase in sales of 21.9 per cent, from A$56.5m to A$68.9m (U.S. $78.7m).

No payout at Utico despite recovery

BY RICHARD ROLFE

JOHANNESBURG, Nov. 21.

UTICO HOLDINGS, the South African subsidiary of BAT Industries, continued to recover strongly over the year to September 30, but the chairman, Mr. E. A. Rankin, says that liquidity requirements are paramount and that no dividend can be recommended for the year. In addition, he says that the board cannot give an indication "at this stage" that payments will be resumed in 1979.

Trading income improved from R4m to R7.3m ($8.4m) on turnover little changed at R71.5m, and after allowing for interest, taxation, and outside shareholders' interests, net attributable profits rose from R0.4m to R3.3m.

As in the previous year, there is a substantial charge for extraordinary items, reflecting the disposal of the group's confectionery business, but the charge is down from R2.2m to R0.8m. Hence the bottom line figures show a turnround from losses of R1.8m to a profit of R2.3m for the year. Before the exceptional items, earnings per share improved from 3c to 39c.

While the balance sheet shows current assets of R54m against current liabilities and short-term borrowings of R27m, part of the cash balances, put at R1.3m, are held in Rhodesia. So the South African operation needs internally generated funds and additional long-term finance.

The board is also concerned about the demands in liquidity inherent in an average rate of inflation of 10 per cent, which it expects to continue

هكذا في الأصل

Currency, Money and Gold Markets

$ eases but pound firm

The dollar lost ground in moderate trading in the foreign exchange market yesterday, without any obvious intervention by European central banks. There was a slight improvement towards the close however on news that the U.S. has received $1.41bn in D-marks and yen through sales of special drawing rights.

The U.S. currency fell to DM 1.9215 against the D-mark, from DM 1.9300 on Monday, and to SwFr 1.7185 in terms of the Swiss franc from SwFr 1.7400. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 8.5 per cent from 8.4 per cent.

Sterling eased in late trading, but was generally quite firm, helped by hopes of a settlement of the Ford strike. The pound opened at $1.9380-1.9390, and touched a low point of $1.9345-$1.9355 in early trading. During the afternoon it touched $1.9480-$1.9490, and closed at $1.9450-$1.9460, a rise of 1.05 cents on the day. Sterling's trade-weighted index, on Bank of England figures, rose to 62.5 from 62.2, after standing at 62.5 at noon and 62.3 in the morning.

NEW YORK — Profit-taking pushed the dollar down in early trading, without any intervention from the Federal Reserve. There was also evidence of squaring of positions ahead of the holiday in West Germany today, and in New York tomorrow. Sentiment surrounding the dollar was unchanged, however, the early decline being simply a correction of some long positions built up during the recent rise.

PARIS—The French franc improved against the dollar and D-mark in fairly active trading. The U.S. currency fell to FFr 4.4075 in late trading, from FFr 4.4412½ Monday, while the D-mark declined to FFr 2.2925 from FFr 2.30 in the morning, and FFr 2.2937½ late Monday. Sterling rose to FFr 8.6150 from FFr 8.44 in early trading, and FFr 8.56 Monday afternoon.

ZURICH—In its monthly report the Swiss National Bank reported that the Swiss franc has fallen by 4.3 per cent against the currencies of major trading partners, on a trade-weighted basis, in the four weeks ended mid-November. Central bank foreign exchange reserves rose by SwFr 2bn to SwFr 27.6bn during the same period. The currency reserves of the German Bundesbank also showed a sharp rise in the figures published yesterday (see below). The rise in currency reserves, and money supply figures, for Switzerland and Germany, reflect intervention to support the dollar by both countries' central banks. There was no sign of early intervention by the Swiss authorities yesterday.

FRANKFURT — A general decline by the dollar in uneventful trading was put down to a technical reaction to recent gains, and not a sign of a turn for the worse. In late trading the dollar fell to DM 1.9230, from a fixing level of DM 1.9287. Monday's fixing level was DM 1.9355. Once again there was no indication of support for the dollar by central banks. Previous intervention by the Bundesbank was evident in Germany's currency reserve figures for the week ended November 15. The reserves rose by DM 3.1bn during that week, about double the rise for the previous week. Other currencies were mixed against the D-mark yesterday, with the Swiss franc reversing its recent decline, rising to DM 1.1167 from DM 1.1018.

MILAN—The dollar was fairly steady in late trading, after losing ground at the fixing. It was quoted at L851.15 against the lira at mid-afternoon, compared with a fixing level of L851.05. Monday's fixing level was L853.55. The Bank of Italy sold $15m of the $20m officially traded at yesterday's fixing. The yen and major European currencies all improved in terms of the lira, with the Swiss franc rising to L492.10 from L483.45, while sterling rose to L1,655.50 from L1,644.20.

TOKYO—The dollar lost ground yesterday, closing at Y194.75, compared with Y196.60 on Monday. There was no indication of support for the dollar by the Bank of Japan. The U.S. currency touched a high point of Y195.45 during the morning, but selling by foreign banks pushed it down to a low of Y194.40, with most business around the Y195 level. The Y196 point was generally seen as too high for the dollar, but it was also suggested that central bank intervention could be expected on a large scale if the rate falls below Y190. The dollar is therefore expected to stabilise around the present level for the time being.

THE POUND SPOT

Nov. 21	Bank rate %	Day's spread	Close
U.S. $	9½	1.9345-1.9490	1.9450-1.9460
Canadian $	10½	2.2620-2.2860	2.2848-2.2850
Guilder	6½	4.04-4.09	4.04-4.05
Belgian F.	6	58.60-59.25	58.60-58.70
Danish K.	8	10.38-10.45	10.38-10.64
D. Mark	3	3.71½-3.76	3.72-3.73
Port. Esc.	18	90.50-91.50	90.60-91.10
Span. Pes.	8	138.30-138.90	138.35-138.45
Lira	10½	1,647-1,659	1,647½-1,648½
Norwgn. K.	7	9.94-10.06	9.94-9.95
French Fr.	9½	8.56½-8.66	8.63½-8.64½
Swedish Kr.	6½	8.58-8.60	8.65½-8.64½
Yen	3½	373-[illegible]	375-377
Austria Sch.	4½	27.20-27.40	27.22-27.27
Swiss Fr.	1	3.32-3.38	3.32½-3.33½

Belgian rate is for convertible francs. Financial franc 60.05-60.15.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.57-0.47c pm	3.20	1.28-1.18c pm	2.52
Canadian $	0.65-0.55c pm	3.15	1.30-1.15c pm	5.19
Guilder	1⅝-⅝c pm	3.34	[illegible] pm	4.46
Belgian F.	16-6c pm	2.05	50-40c pm	3.06
Danish K.	[illegible]	2.03	3-5 ore dis	1.55
D. Mark	[illegible] pf pm	9.66	10-[illegible] pf pm	10.20
Port. Esc.	30-110c dis	10.57	140-290c dis	−9.47
Span. Pes.	30c pm-60c dis	3.93	140-260c dis	5.78
Lira	[illegible] lire dis	−1.20	7-10 lire dis	2.04
Norwgn. K.	[illegible] ore pm	3.32	6-4 ore pm	2.01
French Fr.	4½-3½c pm	5.27	10-8c pm	4.45
Swedish Kr.	[illegible] ore pm	4.92	[illegible] ore pm	4.45
Yen	4.25-3.90y pm	13.0	[illegible] y pm	11.70
Austria Sch.	16-6gro pm	5.73	55-45 gro pm	7.05
Swiss Fr.	4-3c pm	12.61	[illegible] c pm	13.68

Six-month forward dollar 2.25-2.15c pm. 12-month 4.42-4.22c pm.

THE DOLLAR SPOT

November 21	Day's spread	Close
Canadian $*	85.04-85.15	85.07-85.10
Guilder	2.0875-2.1007	2.0875-2.0890
Belgian Fr	30.31-30.44	30.32-30.34
Danish Kr	5.3300-5.3560	5.3300-5.3325
D-Mark	1.9190-1.9310	1.9190-1.9205
Port Esc	46.85-47.10	46.85-47.05
Span Pta	71.51-71.69	71.51-71.56
Lira	850.80-852.00	850.90-851.40
Norwgn Kr	5.1375-5.1555	5.1375-5.1395
French Fr	4.4050-4.4395	4.4050-4.4100
Swedish Kr	4.4090-4.4195	4.4090-4.4100
Yen	193.80-194.65	193.80-194.00
Austria Sch	14.0650-14.11	14.07-14.08
Swiss Fr	1.7170-1.7425	1.7170-1.7190

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canadian $	0.02c dis-par	−0.13	0.11-0.14c pm	0.56
Guilder	0.02-0.12c dis	−0.40	0.90-0.80c pm	1.64
Belgian Fr	par-3c dis	−0.75	3c dis-3c pm	−0.13
Danish Kr	2-2.50ore dis	−3.68	5.25-5.75oredis	−3.76
D-Mark	1.12-1.06pf pm	6.70	3.70-3.60pf pm	7.40
Port Esc	35-180c dis	−27.48	130-508c dis	−27.16
Span Pta	12-32c dis	−3.46	125-155c dis	−7.09
Lira	3.20-3.70lredis	−4.69	10-11lire dis	−4.72
Norwgn Kr	0.20ored-0.20opm	—	0.55-0.95oredis	−0.52
French Fr	0.80-0.60c pm	1.27	2.30-1.90c pm	1.47
Swedish Kr	0.70-0.50ore pm	2.04	2.05-1.85ore pm	1.95
Yen	1.65-1.50y pm	9.11	4.55-4.40y pm	9.71
Austria Sch	5.00-4.00c pm	3.59	15-13c pm	3.80
Swiss Fr	1.52-1.47c pm	9.79	4.82-4.77c pm	10.59

CURRENCY RATES

November 21	Special Drawing Rights	European Unit of Account
Sterling	0.655330	0.672010
U.S. dollar	1.27265	1.30586
Canadian dollar	1.49536	1.53426
Austrian schilling	17.9444	18.3961
Belgian franc	38.6886	39.6989
Danish krone	7.04612	6.98605
Deutsche Mark	2.45456	2.51665
Guilder	2.67002	2.73976
French franc	5.64102	5.78953
Lira	1085.03	1111.70
Yen	247.785	254.024
Norwegian krone	6.55415	6.72748
Peseta	91.1230	93.5081
Swedish krona	5.61875	5.76599
Swiss franc	2.19468	2.25434

CURRENCY MOVEMENTS

November 21	Bank of England Index	Morgan Guaranty changes %
Sterling	62.46	−41.1
U.S. dollar	84.64	−8.5
Canadian dollar	80.15	−17.3
Austrian schilling	144.36	+18.8
Belgian franc	113.46	+14.7
Danish krone	116.75	+5.9
Deutsche Mark	147.37	+48.5
Swiss franc	191.66	+81.9
Guilder	122.75	+19.3
French franc	97.82	−6.7
Lira	54.40	−48.6
Yen	150.47	+48.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 21	£	$		£ Note Rate
Argentina Peso	1,829-1,833	940.12-942.17	Austria	27-28
Australia Dollar	1.7075-1.7145	0.8791-0.8803	Belgium	59-60½
Finland Markka	7.8550-7.8650	4.0425-4.0445	Denmark	10.20-10.35
Brazil Cruzeiro	38.45-39.45	19.76-20.28	France	8.50-8.70
Greek Drachma	70.992-72.730	36.49-37.38	Germany	3.70-3.80
Hong Kong Dollar	9.4075-9.4275	4.839-4.848	Italy	1630-1700
Iran Rial	137.0-139.50	70.88-71.70	Japan	375-385
Kuwait Dinar (KD)	0.538-0.548	0.2704-0.2755	Netherlands	3.97-4.07
Luxembourg Franc	58.60-58.70	30.32-30.35	Norway	9.75-9.95
Malaysia Dollar	4.3370-4.3495	2.2310-2.2355	Portugal	90-100
New Zealand Dollar	1.8650-1.8740	0.9587-0.9633	Spain	139-145
Saudi Arab. Riyal	6.33-6.43	3.25-3.30	Switzerland	3.35-3.55
Singapore Dollar	4.2360-4.2485	2.1775-2.1855	United States	1.94-1.95
South African Rand	1.6907-1.6967	0.8691-0.8715	Yugoslavia	42-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 21	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen 1,000	French Franc 10	Swiss Franc	Dutch Guilder	Italian Lira 1,000	Canada Dollar	Belgian Franc 100
Pound Sterling	1.	1.946	3.725	376.0	8.545	3.330	4.045	1.648	2.285	58.65
U.S. Dollar	0.514	1	1.915	193.5	4.391	1.712	2.079	0.847	1.175	30.15
Deutsche Mark	0.268	0.522	1.	100.9	2.293	0.894	1.086	0.442	0.613	15.74
Japanese Yen 1,000	2.660	5.174	9.907	1000.	22.72	8.856	10.76	4.383	6.076	156.0
French Franc 10	1.171	2.277	4.361	440.2	10.	3.898	4.735	1.929	2.674	68.66
Swiss Franc	0.300	0.584	1.119	112.9	2.565	1.	1.215	0.494	0.686	17.61
Dutch Guilder	0.247	0.481	0.921	92.95	2.112	0.823	1.	0.407	0.565	14.50
Italian Lira 1,000	0.607	1.181	2.260	228.2	5.184	2.021	2.454	1000.	1.386	35.59
Canadian Dollar	0.438	0.852	1.631	164.6	3.739	1.458	1.771	0.721	1.	25.67
Belgian Franc 100	1.705	3.317	6.351	641.1	14.57	5.678	6.897	2.810	3.895	100.

EURO-CURRENCY INTEREST RATES

Nov. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12½	9⅝-9⅞	8¼-9½	9-9¼	⅛-¼	3-3½	6¾-7	11-15	—	1½-2½
7 days notice	12-12½	9⅝-9⅞	8½-9½	9-9¼	⅛-¼	3-3½	7-7¼	13½-14½	9⅝-10	1½-1¾
Month	12⅝-12⅞	9⅞-9⅞	9⅛-9⅜	9¼-9½	[illegible]	3-3½	7⅝-8	14-15	9½-9⅝	[illegible]
Three months	13¼-13½	11⅛-11½	10-10½	9¼-9½	⅛-¼	3½-3⅝	9¼-9½	13½-16½	11⅛-11¼	1¾-2⅛
Six months	13⅞-14¼	11-11⅛	10⅞-10⅜	8⅞-9⅛	⅜-½	3½-3⅝	9½-9¾	16-17	11⅛-11¼	2-2½
One year	14⅛-14¼	11⅛-11⅝	10⅜-10⅝	8⅝-8⅞	1-1⅛	4-4⅛	10⅛-10½	16½-17½	11⅛-11⅛	3⅛-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.05-10.15 per cent; three months 11.10-11.20 per cent; six months 11.45-11.55 per cent; one year 11.35-11.45 per cent.

Long-term Eurodollar deposits: Two years 10⅞-11⅛ per cent; three years 10½-10⅝ per cent; four years 10⅛-10 per cent; five years 10⅛-10⅜ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German reserves increase

Net central currency reserves of the Bundesbank rose by DM 3.1bn in the second week of November to DM 103.3bn, according to yesterday's weekly statement by the Bundesbank. The rise in reserves was mainly attributable to intervention in the foreign exchange market in support of the U.S. dollar and shows a sharp increase from figures for the first week in November, which showed a rise of DM 1.6bn. The increase was endorsed by figures released by the Swiss authorities, which showed an increase of SwFr 2bn to SwFr 27.6bn in their foreign currency reserves, since the Swiss have also committed themselves to supporting the dollar.

Call money rose sharply to 3.0-3.5 per cent from 2.0-2.1 per cent on Monday while longer term rates were also firmer, though to a lesser extent. One-month money was quoted at 3.1-3.2 per cent compared with 3.0-3.1 per cent and the three-month rate rose to 3.85-4.0 per cent from 3.75-3.85 per cent. Six-month money was firm at 4.0-4.1 per cent, up from 3.9-4.0 per cent and 12-month money stood at 4.1-4.2 per cent.

BRUSSELS—Belgian interest rates on Treasury certificates were left unchanged yesterday by the Belgian National Bank. This follows five reductions in the last two weeks, and would seem to indicate that rates have fallen sufficiently to reflect the more comfortable position of the Belgian franc within the European snake. One and two-month certificates remained at 9 per cent and 8.75 per cent for three-month. At the same time the rate on four-month bond fund papers was cut to 8.75 per cent from 9 per cent.

Deposit rates for the Belgian franc (commercial) were firmer throughout with one-month deposits at 9¼-9½ per cent from 8¾-9¼ per cent and three-month at 9-9¼ per cent compared with 8¾-9 per cent. The six-month rate was quoted at 8¾-9¼ per cent against 8½-8¾ per cent while 12-month deposits rose to 8¾-9 per cent from 8½-8¾ per cent previously.

NEW YORK—Treasury bills were generally higher with 13-week bills at 8.70 per cent from an average 8.696 per cent at Monday's auction and 26-week bills quoted at 9.0 per cent from 8.996 per cent at the auction. One-year bills were also higher at 9.01 per cent compared with 8.97 per cent. Federal funds showed little change at 9⅝ per cent compared with 9⅞ per cent earlier.

PARIS—Interest rates were slightly easier at the shorter end, while long-term rates tended to firm. Day-to-day money fell to 6⅞ per cent from 7⅛ per cent and the one-month rate eased to 6⅞-7 per cent compared with 6⅞-7⅛ per cent on Monday. Three-month money was also down at 7-7¼ per cent from 7⅛-7⅜ per cent and the rate for six-month funds was quoted at 7⅜-7⅝ per cent against 7⅜-7⅝ per cent. One-year money rose however to 7⅞-8⅛ per cent from 7⅞-8 per cent.

MILAN—Call money was quoted at 10½-10¾ per cent, unchanged from Monday as was the one-month rate at 10¾-11 per cent. Two-month money stood at 11-11¼ per cent and three-month at 11¼-11½ per cent.

SINGAPORE—Further increases in prime rates were announced by Chartered Bank, Overseas Union Bank and Industrial and Commercial Bank when they all raised their rates to 7¼ per cent from 7 per cent.

GOLD

Late fall

Gold was fairly firm in London trading yesterday, rising $⅞ to $200-201. The metal opened at $197⅞-198⅞, and rose to $199.10 at the morning fixing, and $200.20 in the afternoon. The market was generally optimistic ahead of the U.S. Treasury gold auction, but fell sharply after London closed, as some of the early bids were published. Within a few minutes the price in New York fell to $198½-199. The highest level touched in London during the afternoon was $203.

In Paris the 12½-kilo gold bar was fixed at FFr 28,450 per kilo ($199.63 per ounce) in the afternoon, compared with FFr 28,650 ($200.92) in the morning, and FFr 28,750 ($200.99) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 12,380 per kilo ($199.73 per ounce), compared with DM 12,435 ($199.71) previously.

	Nov. 21	Nov. 20
Gold Bullion (a fine ounce)		
Close	$200-201	$199¼-200¼
Opening	$197⅞-198⅞	$196¼-197¼
Morning fixing	$199.10	$197.15
	(£102.481)	(£101.336)
Afternoon fixing	$200.20	$196.85
	(£102.831)	(£101.197)
Gold Coins domestically		
Krugerrand	$210¼-212¼	$203¼-205¼
	(£108¼-109¼)	(£105¼-106¼)
New Sovereigns	$60¼-62¼	$56-58
	(£31-32)	(£27¼-28¼)
Old Sovereigns	$58¼-60¼	$58¼-60¼
	(£30-31)	(£30¼-31¼)
Gold Coins internationally		
Krugerrand	$205¼-207¼	$209-211
	(£105¼-106¼)	(£108-109)
New Sovereigns	$53-55	$59¼-61¼
	(£27¼-28¼)	(£30¼-31¼)
Old Sovereigns	$58¼-60¼	$59¼-60¼
	(£30-31)	[illegible]
$20 Eagles	$283-288	$280-285
$10 Eagles	$145-155	$148-158
$5 Eagles	$95-105	$102-107

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a large amount of Treasury bills and a small sum of corporation bills all direct from the discount houses. The latter were paying between 11¾ per cent and 12 per cent for secured call loans during the day with closing balances taken at around 11½ per cent. The market was faced with a net take up of Treasury bills to finance and an increase in the note circulation. There was also an excess of revenue transfers to the Exchequer over Government disbursements.

In the interbank market, overnight loans opened at 11⅞-12 per cent and rose through 12-12¼ per cent to touch 12¼-12½ per cent briefly. Rates then tended to ease a little to 11¾-11⅞ per cent before firming again at the close to 12-12¼ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 21 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	11-12½	—	—	—	12⅜	11½-12¼	—	—	—
2 days notice	—	—	11¾-12⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	12¼-12⅛	12⅛-12¼	11⅞-12⅛	—	12⅜	12⅜	[illegible]	[illegible]	[illegible]	12⅛
Two months	12¼-12⅛	12½-12⅞	—	[illegible]	12⅜	—	—	12-12⅛	—	12¼
Three months	12¼-12⅛	12¼-12⅞	12⅛-12¼	12⅜-12⅛	12⅞	12⅞	—	11⅞-12⅛	11⅞	12⅝
Six months	12¼-12⅛	12¼-12⅛	12¼-12¼	12⅛-12⅜	12⅜	—	—	—	—	12¾
Nine months	12¼-12½	12½-12⅛	—	11⅞-11⅞	12⅜	—	—	—	—	—
One year	11⅞-11⅞	11⅞-12	11⅞-12	11⅞-11⅞	12⅜	—	—	—	—	—
Two years	—	—	12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates nominally three years 12½-12¾ per cent; four years 12¾-13 per cent; five years 13-13¼ per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞ per cent; four-month trade bills 12⅝ per cent. Approximate selling rates for one-month Treasury bills 11⅞ per cent; two-month 11⅞ per cent; three-month 11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-month 11⅞ per cent; and three-month 11¹³⁄₁₆ per cent; one-month trade bills 12⅛ per cent; two-month 12⅜ per cent; and also three-month 12⅜ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from November 1, 1978. Clearing Bank Deposit Rates for sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7284 per cent.

MONEY RATES

NEW YORK

Prime Rate	11
Fed Funds	9.625
Treasury Bills (13-week)	8.70
Treasury Bills (26-week)	9.0

GERMANY

Discount Rate	3
Overnight	3.25
One month	3.15
Three months	3.925
Six months	4.05

FRANCE

Discount Rate	9.5
Overnight	6.875
One month	6.9375
Three months	7.0625

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.428

APPOINTMENTS

ICI executive joins Ellis & Everard

Mr. R. I. Lindsell, a deputy chairman of the Mond Division of Imperial Chemical Industries, has been appointed a director of ELLIS AND EVERARD. ICI recently acquired 29 per cent of the equity of Ellis and Everard from Unilever.

Mr. R. I. Lindsell

★

SIME DARBY has appointed Tunku Dato' Ahmad bin Tunku Yahaya as chairman of China Engineers (Holdings) and of Amoy Canning Corporation (Hong Kong). He succeeds Mr. Robert T. Constable, who becomes deputy chairman of both concerns and from January 1, 1979 will be managing director of China Engineers, resident in Hong Kong. Mr. Constable will continue to head the Sime Darby group's operations in Hong Kong as divisional group director, Trading and Manufacturing (Hong Kong) Division but will relinquish control of Trading and Manufacturing (Ascan and Pacific Basin) Division. Mr. K. A. Wallen, at present managing director of China Engineers will move to Kuala Lumpur and take over responsibility for that division from Mr. Constable at the beginning of next year. Tunku Dato' Ahmad has been a director of Sime Darby Holdings since 1976 and joined the group's executive team in October this year as group deputy chief executive.

★

Mr. H. P. Sullivan has been appointed by JAMES H. DENNIS AND CO. as a director with special group responsibilities for production.

★

Mr. A. R. Marshall has retired from the Board of LAND SECURITIES INVESTMENT TRUST.

★

Sir John Toothill has retired from the Board of EDINBURGH INVESTMENT TRUST.

★

Mr. C. N. Kaper has been appointed managing director of WITCO CHEMICAL BV, the Netherlands subsidiary of Witco Chemical Corporation (U.S.). He takes over his new position following the retirement of co-managing director Mr. Jan Van Leeuwen, who continues as adviser on special projects for the Netherlands. Mr. J. H. Koelman is to be commercial director, Mr. P. Honing, financial director, and Mr. D. Rozendal, technical director.

★

Mr. Thomas J. Ryan has been appointed president of the Pullman Kellogg Division of PULLMAN INCORPORATED. He succeeds Mr. Clark P. Lattin, Jr., who has been elected president and chief executive officer of Pullman Incorporated.

★

ALLERGAN PHARMACEUTICALS, of the U.S., has appointed Mr. William S. Shepherd, senior vice-president U.S., Mr. James H. Cavanaugh, senior vice-president, science and planning, and Mr. Peter Upton, senior vice-president, international affairs. Mr. J. Roberts Fosberg, executive vice-president, finance, will become chief financial officer, succeeding Mr. Keith C. Lumpkin, senior vice-president, who is leaving the company. Mr. Dean M. McCann, vice-president, secretary and general counsel, has been elected a senior vice-president. Mr. B. Norris Battin, at present vice-president for U.S. marketing, will become vice-president for corporate planning. He will be succeeded by Mr. W. Richard Ulmer as a corporate vice-president, U.S. marketing.

★

Mr. F. G. H. Gingell and Mr. L. N. Woodley are being appointed to the board of McKEEVER AND CO. on November 25 following the retirement of Mr. J. Russell King.

★

Mr. R. F. Rands has been appointed managing director of C. Bryant and Son and Mr. M. C. G. Smith has been made managing director of C. Bryant Civil Engineering. The parent company is BRYANT HOLDINGS.

★

Mr. Bernard Owen has become managing director of ROWLINSON CONSTRUCTIONS LTD, a member of the Rowlinson Constructions Group, following the resignation of Mr. Peter Mason.

★

Mr. Michael F. Carey and Mr. Michael Blee, both executives within the company's treasury group, have been appointed vice-presidents of CITIBANK.

★

Sir Henry Mance has completed his term of office as president of the Chartered Insurance Institute and has now retired from his directorships of WILLIS FABER and WILLIS FABER AND DUMAS. He remains on the boards of Willis Faber (Underwriting Management) and Willis Faber and Dumas (Agencies).

★

Mr. John A. Wheatley, chairman and managing director of Elite Hosiery Company, has been appointed president of the KNITTING INDUSTRIES FEDERATION in succession to Mr. Michael I. Meakin of Montfort (Knitting Mills). Mr. Derek G. Birch, joint managing director of Kinton Davis Company, has been made vice-president of the Federation.

★

Sir Desmond Plummer has been reappointed chairman of the HORSERACE BETTING LEVY BOARD for a further two years up to January 31, 1981. Sir Desmond is a former leader of the GLC and has been chairman of the Levy Board since January, 1974.

★

Mr. James Campbell Hutchison has been appointed chairman of the INDEPENDENT BROADCASTING AUTHORITY's local advisory committee for independent local radio Glasgow. He succeeds Mrs. Deidre Cooper, who has retired after being chairman of the committee since August, 1977.

★

Mr. T. W. Bewsey will become director of the BRITISH MARINE EQUIPMENT COUNCIL on December 4 in succession to the late Mr. Donald Maxwell.

★

Professor J. Ffowcs Williams (chairman) and Mr. J. Lang (technical director) have resigned from the board of TOLTEC DATA computer company, Cambridge.

★

Mr. B. S. Wilson, director and general manager, commercial, Whessoe Heavy Engineering and Mr. E. H. Walker, managing director, Whessoe Systems and Controls, have been appointed executive directors of the main Board of Whessoe, the parent company.

★

Mr. W. M. van Dijk, Mr. R. M. Weisz, Mr. L. O. Husken and Mr. R. A. Coopman have been appointed to the Board of MIDHURST WHITE HOLDINGS. Mr. D. Heimann, Mr. P. J. Grant, Mr. N. P. Scott and Mr. C. J. Wills have resigned their directorships.

★

Mr. H. W. Lovell, previously director of operations and administration, GKN Engineering and Construction Services sub-group, will become managing director of GKN GROUP SERVICES on December 1.

★

Mr. Michael G. Bird has been appointed managing director of MASSEY-FERGUSON HOLDINGS, London in place of Mr. H. A. R. Powell who remains chairman. Mr. Bird continues as director, Legal Services, Massey-Ferguson Limited of Toronto, the parent company.

WORLD STOCK MARKETS

Dollar's downturn halts Wall St. recovery

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—85½% (84½%)
Effective $1.9455 38½% (37½%)

WITH A *downturn in the dollar* adversely affecting sentiment, the Wall Street stock market, after *modestly extending its recent* technical rally, tended to slip back to close with a rather mixed appearance following a slow trade.

The Dow Jones Industrial Average, which recorded a fresh gain of 1.65 at 1 pm, subsequently eased to 804.05 for a loss on the day of 1.56. The NYSE All Common Index finished 8 cents off at $52.96, after rising to $53.14 at mid-session, although gains retained a narrow lead over falls at the close of 733 to 674. Trading volume was down to 20.75m shares from the previous day's total of 24.55m.

The dollar had of late been steadily recovering in response to *the U.S. support measures, which* in turn had fuelled the stock market rally.

The Commerce Department revised upward its estimate of third-quarter inflation to an annual pace of 7.1 per cent from the 7 per cent it estimated last month, but maintained its estimate of real growth in the economy at a seasonally adjusted annual rate of 3.4 per cent, the same as its month-ago estimate.

A number of private economists have been predicting a mild recession starting about mid-1979, but Federal Reserve Board chairman Miller has said he believes a recession is unlikely.

Analysts said the light volume indicated that investors are uncertain about the seriousness of any economic downturn and have moved to the sidelines to await developments.

Active General Motors eased ⅜ to $54¼. The company said its *reduced year-end dividend earlier* this month was misinterpreted by Wall Street as a sign that GM *lacks confidence in its car sales* forecasts. GM said the cut actually reflects anticipated higher capital outlays.

Sears Roebuck slipped ½ to $20⅛ *in active trading. It reported improved fiscal* **third-quarter** profits but on reduced sales. **Studebaker-Worthington** *dipped ⅞ to $56⅞ despite splitting its stock and raising the quarterly dividend.*

McDonnell Douglas lost ½ to $29⅞ even though it has won two *Air Force contracts* valued at $148.1m for work which includes building the first two KC-10 air *refuelling aircraft.*

Columbia Pictures shed ½ to $20⅞. On Monday, Kirk Kerkorian, principal shareholder of Metro-Goldwyn-Mayer, said he will tender for 20 per cent of Columbia's common stock at $24 per share.

United Technologies added ⅜ at $37⅞. Its Sikorsky unit has obtained Federal Aviation Administration certification for its S-76 *commercial* helicopter.

Pacific Petroleums rose ½ to $51⅛. Petro-Canada now holds 53 per cent of Pacific's common. Medtronic climbed $1 to $30½ on announcing sharply higher fiscal second-quarter net profits.

Republic Steel put on 1¼ to $24⅞. It raised the dividend and declared a special payout.

THE AMERICAN SE *Market* Value Index managed to close 0.66 higher at 145.69 after volume of 2.56m shares (2.92m).

Bow Valley topped the Amex actives list and moved ahead 1½ to C$20⅛, and **Petro-Lewis** gained ½ to $8½.

Hess's climbed $2 to $14⅛, **Amdahl** ½ to $48⅞ and **Syntex** ½ to $33⅛, but **Colonial Commercial** *fell 1½ to $13⅛.*

Canada

Markets retained a firmer inclination in fairly active dealings. The Toronto Composite Index improved 4.1 to 1,249.6, while Oils and Gas rose 13.2 to 1,708.4, Golds 2.6 to 1,282.8 and Banks 2.13 to 293.14, but Metals and Minerals remained depressed, falling 12.5 *more to 1,054.9.*

The Merchandising index rose a record 60 points, as **Simpsons**, the most active *issue, gained 1½* to C$7½. **Hudson's Bay**, up 2½ at C$24, plans to offer the equivalent of C$8.27 for each Simpsons' share.

Molson "B" rose 1½ to C$22 following news of a dividend increase.

Tokyo

Market was again irregular, with profit-taking in Blue Chips counterbalanced by renewed buying interest in low-priced issues. Trading was fairly active, with volume reaching 320m shares (280m). The Nikkei-Dow Jones Average managed a fresh modest improvement of 9.36 at 5,955.54.

Investors actively bought low-priced Chemicals following a general business recovery. Asahi **Denka Kogyo** *rose Y22 to Y293.* **Nippon Soda** Y20 to Y225 and **Toa Gosei** Y9 to Y207.

Foods, Pharmaceuticals and Department Stores also gained ground, with **Green Cross** adding Y110 at Y2,360 and **Yoshitomi Pharmaceutical** Y47 at Y648.

However, the yen's rebound against the dollar on the Tokyo foreign exchange market caused *a number of export-orientated* issues to react. **Sony** receded Y20 to Y1,580, **TDK Electronics** *Y30 to Y2,150,* **Canon** Y4 to Y450 and **Matsushita Electric** Y3 to Y704.

Germany

Stocks put on a mixed performance, *with no special factors* affecting trading.

Volkswagen rose DM 1.40 in active trading, but Motors were otherwise easier, with **Daimler Benz** down DM 1.50.

Stores and Chemicals were also inclined to lose ground. Electricals, in contrast, were mainly firm, but **Siemens** declined DM 1.80.

Deutsche Bank improved DM 1.00 and Steels had **Thyssen** up DM 1.90, while **Hapag Lloyd** *were DM 2.00 higher.*

Public Authority Bonds recorded modest losses ranging to *15 pfennigs, while the Regulating* Authorities bought a nominal DM 2m of paper after Monday's *net sales of DM 19m.* Mark Foreign Loans also softened.

Paris

Market was easier-inclined in fairly quiet trading on the last day of the accounting month and ahead of the Press conference, due later that day, by President Giscard d'Estaing.

The three Steel *shares,* **Marine-Wendel, Sacilor** and **Usinor**, after being requoted yesterday for the *first time since September 21,* had trading suspended again temporarily due to an influx of *selling orders.*

However, **Marine** was later quoted at FFr 42.9, compared with FFr 51.5 on September 21, **Sacilor** at FFr 21, compared with FFr 27, and **Usinor** at FFr 16, against FFr 22 previously.

Banks and Foods were irregular, while Motors were generally little changed and Electricals lower.

Carrefour declined 35 to FFr 2,111, **Jacques Borel** 9.5 to FFr 132.0 and **L'Oreal** 9 to FFr 733, but **Air Liquide** rose 6.9 to FFr 389.0 and **Bouygues** 8 to FFr 820.

Hong Kong

After the recent marked weakness, stocks picked up sharply in moderate activity, mainly reflecting local covering of short positions. The Hang Seng index regained 17.71 to 486.16.

Swire Pacific rose 70 cents to HK$7.30, while **Jardine Matheson** and **Hong Kong Land** *each put on* 50 cents to HK$12.30 and HK$8.05 respectively. **Hongkong Bank** and **Hutchison Whampoa** gained 30 cents apiece to HK$16.10 and HK$4.25 respectively, and **Wheelock** improved 12.5 cents to HK$2.55.

Hong Kong Wharf rallied HK$2.60 to HK$23.90, **Hong Kong Telephone** HK$1.70, to HK$26.80 and **Hong Kong Hotels** HK$1.30 to HK$17.

Australia

Markets remained depressed, with widespread losses occurring.

BHP *receded 6 cents to A$8.06* and **Pioneer Concrete** were similarly lower at A$1.57, but resisting the downtrend in Industrials were **Philip Morris**, which gained 8 cents to A$5.98, and **Tooth**, 3 cents harder at A$1.73.

Bundaberg Sugar retreated 25 cents to A$3.20, while among Banks, **BNS Waels** declined 12 cents to A$6.34, **ANZ** 6 cents to A$3.64 and **National** 4 cents to A$2.38. **Lend Lease**, in Properties, slipped 15 cents to A$2.50.

Western Mining shed 5 cents to A$1.48 on a report that once Inco of Canada, has settled a wage contract dispute, it intends to take an aggressive marketing line with nickel.

Diamond explorers had a poor time, with **CRA** setting the scene by falling 11 cents to A$2.86.

Uraniums were mainly easier, with **Queensland Mines**, at $A3.25, *relinquishing* the previous day's gain of 10 cents, but **Peko-Wallsend** recovered 8 cents to A$5.28.

Gold Leader Central Norseman was another firm exception, rising 20 cents to A$11.90 in response to a broker's *recommendation.*

Vamgas was an isolated bright spot in Oils, gaining 3 cents at 65 cents, but **Crusader Oil** receded 8 cents to 52 cents.

Joergersmen has proposed that

Johannesburg

Gold shares gained further ground on the strength of the higher Bullion price and fairly active Overseas demand. One dealer noted that the market *appeared optimistic about the* U.S. Treasury auction results, expected later that day.

Mining Financials were quiet but firmer where traded. Diamond leader **De Beers** advanced 17 cents *to R7.15.*

Platinum shares followed Golds higher, with **Lydenburg** adding 5 cents at *R1.30. Coppers* were barely tested and Tins were mostly unchanged.

Industrials tended to *improve* in fairly active trading.

Switzerland

Share prices turned easier in *reduced activity* reflecting the dollar's downturn.

Leading Industrials registered *widespread* losses with **Georg Fischer** falling 35 to SwFr 545 on its plans to introduce short-time *working.* **Ciba-Gigy**, in Chemicals, receded 20 to SwFr 1,060. **Alusuisse Bearer**, in Metals, declined 40 to SwFr 1,100, while **Nestle Bearer**, in Foods, lost 20 to SwFr 3,200.

Domestic and Foreign Bonds *also retreated.*

Milan

Market reacted afresh *in thin* dealings, with disappointing results of local elections in Northern Italy contributing to apprehensions over a possible deterioration in the political situation.

Snia Viscosa gained 14 at L765 and **Montedison** were unchanged, but most other *Financial* and Industrial leaders were weaker.

Italsider fell 13 to L307 and **Pirelli** 75 to L1,815.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

(stock tables for New York, Canada, Germany, Tokyo, Amsterdam, Brussels/Luxembourg, Switzerland, Copenhagen, Vienna, Milan, Australia, Hong Kong, Brazil, Oslo, Johannesburg, Paris, Spain and Stockholm)	[illegible]	[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

	Nov. 21	Nov. 20	Nov. 17	Nov. 16	Nov. 15	Nov. 14	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Industrials	804.05	805.61	797.75	794.10	785.66	786.26	907.74	742.12	1051.70	41.22
H'me Bnds	87.02	86.95	86.91	86.85	86.64	86.26	89.66	85.12	—	—
Transport	211.04	211.65	210.41	209.42	206.76	205.45	261.49	199.31	279.88	13.23
Utilities	98.15	98.02	98.04	97.56	96.55	96.55	110.98	96.35	163.32	10.50
Trading vol. 000's	20,750	24,550	25,240	21,590	26,280	30,840	—	—	—	—

Basis of Index changed from Aug. 24. ● Day's high 810.65 low 798.3

	Nov. 17	Nov. 10	Nov. 3	Year ago (approx.)
Ind. div. yield %	5.90	5.93	5.77	5.44

STANDARD AND POORS

[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
AKZ	F.30	10	2.30	3	3.90	10	5	F29.70
AKZ	F.32.50	43	1.10	5	2.60	—	—	..
AKZ	F.35	—	—	15	1.80	—	—	..
ABN	F.78.90	2	1.50	5	3.50	—	—	F.75.70
EK	$50	—	—	10	10½	—	—	$58⅞
EK	$60	11	3	—	—	—	—	..
EK	$70	60	⅝	—	—	—	—	..
HO	F.32.50	2	6.50	—	—	—	—	F.37.40
HO	F.37.50	—	—	2	5	—	—	..
IBM	$240	1	28⅛	—	—	—	—	$263⅝
IBM	$280	23	5½	—	—	—	—	..
IBM	$300	5	1½	20	5⅞	—	—	..
KLM	F.120	2	13.10	—	—	—	—	F.128.50
KLM	F.150	3	2	2	5.40	—	—	..
KLM	F.160	3	1	—	—	—	—	..
KLM	F.171.40	34	0.40	—	—	—	—	..
NN	F.108.90	1	7.60	—	—	—	—	F.112.80
NN	F.110	—	—	15	9.80	—	—	..
NN	F.118.90	16	2.40	—	—	—	—	..
PHI	F.22.50	—	—	5	3.90	—	—	F.24.70
PHI	F.25	—	—	—	—	29	3	..
PHI	F.27.50	15	0.50	95	1.50	4	1.90	..
PHI	F.30	70	0.20	52	0.70	12	1.20	..
PRD	$45	—	—	3	7⅜	—	—	$47¼
PRD	$60	18	⅜	—	—	—	—	..
RD	F.120	10	7	3	10.20	—	—	F.123.50
RD	F.130	32	1.50	—	—	1	4.90	..
UNI	F.120	1	3	10	5.50	—	—	F.118
XRX	$50	2	4⅛	—	—	—	—	$52⅞

TOTAL VOLUME IN CONTRACTS 643

BASE LENDING RATES

A.B.N. Bank ... 12½%	■ Hambros Bank ... 12½%
Allied Irish Banks Ltd. 12½%	■ Hill Samuel ... §12½%
American Express Bk. 12½%	† C. Hoare & Co. ... 12½%
Amro Bank ... 12½%	Julian S. Hodge ... 13½%
A P Bank Ltd. ... 12½%	Hongkong & Shanghai 12½%
Henry Ansbacher ... 12½%	Industrial Bk. of Scot. 10 %
Associates Cap. Corp. ... 12½%	Keyser Ullmann ... 12½%
Banco de Bilbao ... 12½%	Knowsley & Co. Ltd. ... 14½%
Bank of Credit & Cmce. 12½%	*Lloyds Bank* ... 12½%
Bank of Cyprus ... 12½%	London Mercantile ... 12½%
Bank of N.S.W. ... 12½%	Edward Manson & Co. 13½%
Banque Belge Ltd. ... 12½%	Midland Bank ... 12½%
Banque du Rhone ... 13 %	■ Samuel Montagu ... 12½%
Barclays Bank ... 12½%	Morgan Grenfell ... 12½%
Barnett Christie Ltd. ... 13½%	National Westminster 12½%
Bremar Holdings Ltd. 13½%	Norwich General Trust 12½%
Brit. Bank of Mid. East 12½%	*P. S. Refson & Co.* ... 12½%
■ Brown Shipley ... 12½%	Rossminster ... 12½%
Canada Perm't Trust ... 12½%	Royal Bk. Canada Trust 12½%
Cayzer Ltd. ... 12½%	Schlesinger Limited ... 12½%
Cedar Holdings ... 12½%	E. S. Schwab ... 13½%
■ Charterhouse Japhet ... 12½%	Security Trust Co. Ltd. 13½%
Choulartons ... 12½%	Shenley Trust ... 14 %
C. E. Coates ... 12½%	Standard Chartered ... 12½%
Consolidated Credits ... 12½%	*Trade Dev. Bank* ... 12½%
Co-operative Bank ... *12½%	Trustee Savings Bank 12½%
Corinthian Securities 12½%	Twentieth Century Bk. 13½%
Credit Lyonnais ... 12½%	United Bank of Kuwait 12½%
Duncan Lawrie ... 12½%	Whiteaway Laidlaw ... 13 %
The Cyprus Popular Bk. 11½%	Williams & Glyn's ... 12½%
Eagil Trust ... 12½%	Yorkshire Bank ... 12½%
English Transcont. ... 12½%	■ Members of the Accepting Houses Committee.
First Nat. Fin. Corp. ... 12 %	* 7-day deposits 10%, 1-month deposits 10¼%.
First Nat. Secs. Ltd. ... 12 %	† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼% and over £25,000 10½%.
■ Antony Gibbs ... 12½%	‡ Call deposits over £1,000 10%.
Greyhound Guaranty ... 12½%	§ Demand deposits 10%.
Grindlays Bank ... 12½%	
■ Guinness Mahon ... 12½%	

Producer buying lifts coffee

By Our Commodities Staff

SUPPORT BUYING, believed to be on the behalf of producers, boosted values on the London futures market yesterday. The January position climbed to £1,454 a tonne at one stage before ending the day 31.5 higher at £1,448.5 a tonne.

Early reports said the rise was encouraged by fears of a tight supply situation but some dealers later questioned this. They said the underlying tone appeared to be "bearish" with adequate supplies available to the market and roasters staying on the sidelines.

From Mexico City meanwhile Reuter reported that the Mexican Coffee Institute director, Manual Aguilera announced that the so-called "Bogota Group" of coffee producers will meet in Guatemala City on Friday "to examine ways of countering speculation on the world coffeet markets."

Among the possible measures the group will examine will be use of a $140m price stabilisation fund they set up at a meeting in Bogota in August.

The eight countries involved are Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Venezuela.

EEC promises changes in bacon subsidies

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 21.

RELIEF IS on the way for the hard-pressed British bacon industry. Some Common Market subsidies paid on Danish, Dutch and Irish bacon sales to the UK are to be reduced, Mr. Finn Gundelach, EEC Agriculture Commissioner, said today.

Commission proposals to modify the coefficients on monetary compensatory amounts (MCAs) for pigmeat cuts and processed products will be introduced "in the very near future," probably within the next month, Mr. Gundelach said.

He said the coefficients would not necessarily all be cut. Some might rise, but the general trend would be downward, in line with the changes Britain is seeking.

Britain has been trying unsuccessfully for more than a year to get the coefficients reduced, particularly for bacon.

Mr. Gundelach said the proposals will be put to the Commission's pigmeat management committee and could be implemented without being put to the Council of Ministers.

Proposals regarding the "sluice gate price," the effective minimum import price for pigmeat imports entering the Community from non-EEC countries, which the French are seeking to have raised, will be put to the Council of Agriculture Ministers at their next meeting on December 18.

The date of this meeting has been put back a week to allow more breathing space between the EEC Summit on December 4 and 5 at which heads of state are expected to consider British demands for the reform of the Common Agricultural Policy, and the presentation to Ministers of the Commission's farm price proposals for 1979-80.

The Commission is expected to agree on these proposals at its December 13 meeting.

No discernible progress was made in the year-old debate on regulating the wine market, the subject of continuous wrangling between Italy and France, and this will have to be taken up yet again at the December meeting.

Mr. John Silkin, the UK Minister of Agriculture, disappointed those who had expected fireworks following his threat yesterday to "raise hell" over the proposed sale of EEC butter to Russia at subsidised rates.

Mr. Silkin suggested that the Commission should refuse to fix in advance the export subsidies on such sales in order to increase the risks for exporters.

But he spoke for less than two minutes and did not attempt to pursue the argument when it was pointed out that the Community has a butter surplus of almost 500,000 tonnes to dispose of and that, while Britain imports 125,000 tonnes of butter a year from New Zealand, everyone else is quite content to sell butter on world markets at world market prices—to the Soviet Union or anyone else.

Mr. Gundelach said later the present system of monitoring requests for prefixing of export rebates is quite sufficient to alert the Commission to the nature of the requests it receives and no changes to the system appear necessary at this stage.

● Mr. Silkin said later he will demand a price freeze across the board when the Common Market fixes its farm prices for 1979-80 next spring, reports Reuter.

Mr. Silkin said he thought the freeze should apply to cereals, dairy products, sugar and meat.

"I might get away with zero, but not with a cut in farm prices," he added.

The minister said he had no plans at the moment to devalue the Green Pound, but could change his mind later.

Tin market down again

By John Edwards, Commodities Editor

TIN PRICES tumbled again on the London Metal Exchange yesterday. Standard grade cash tin closed £147.5 lower at £7,332.5 a tonne—more than £860 below the all-time peak of £8,090 reached earlier this month.

The London market opened on an easier note following a sharp fall in Penang overnight, when the Straits tin price declined by SM 64 to SM 1,886 a picul.

At one stage the three months quotation in London fell to £7,180 a tonne on speculative and "hedge" selling, but trade buying rallied the market to £7,250 before declining again on the late kerb to £7,215.

Other base metal prices fell in the morning, but recovered in later trading to close marginally higher. Copper was lifted by a higher than expected opening on the New York market, and this helped to boost lead and zinc values.

EEC SUGAR EXPORTS

BRUSSELS, Nov. 21.

THE EEC Commission authorised exports of 48,000 tonnes of white sugar at this week's tender compared with 43,000 tonnes last week.

It also granted export rebates on 20,000 tonnes of raw sugar compared with 10,000 tonnes.

The maximum export rebate for whites was lowered to 24.742 units of account from 25.080 ua while that for raws was decreased to 21.586 ua from 21.838 ua.

Reuter

UK TIMBER MARKET

Mortgage rise could hit softwood trade

BY A SPECIAL CORRESPONDENT

UK CONSUMPTION of softwood is expected to be virtually unchanged in 1979, but whereas this year trade has picked up in the second half after a poor start, next year the opposite is likely with conditions deteriorating after the summer.

Estimates given by the UK softwood trade at the annual meeting of the European Softwood Importers and Exporters' Conference held recently in Paris forecast a rise in consumption of 50,000 cubic metres, a mere 0.7 per cent.

However, the figures were prepared before the recent Government measures which raised the minimum lending rate to 12½ per cent, which had an immediate impact on house mortgage rates. Also, since the forecast was made, the trade's figures for September have been published, revealing a disappointing consumption of 562,000 cu. metres in a month which was generally expected to be good.

Most importers were looking for a total of more than 600,000 cu. metres. Had both these factors been known before the conference it seems likely that the 0.7 per cent forecast would have been put forward as a decrease in consumption for next year instead of as a gain.

However, the figure is small in relation to the overall amounts involved, so the UK trade is sticking with its forecast of between 6.6m and 6.7m cu. metres uptake for both 1978 and 1979.

Importers recognise that Scandinavian suppliers have to recover the effects of inflation through price increases and indeed they have been exerting pressure on the market since the summer, but this has been controlled and responsible. It is thought that they have sold a reasonable amount of wood forward for 1979 at prices about 12 per cent above those ruling early this year.

Stocks on the ground at Scandinavian mills are low as a result of the lower production programmes which have ruled for the last three years and the mills point out that their sales outside Europe, mostly to North Africa and the Middle East are buoyant.

For their part, the importers are convinced that there will be no consumption boom in Europe next year and they would be loath to see the Scandinavians becoming too ambitious in their pricing. Reasonably pitched Russian offers fairly early in the season would strengthen the importers' hand.

The Russians are expected to have about the same amount of wood for export next year, which means that they will probably offer around 1.4m cu m to the UK market—say 20 per cent of our requirements.

The practice of basing contracts on the value of the Swedish krona, adopted for the first time in the current year, has worked well and ought to be repeated. When the first Russian schedules for 1978 appeared last February contracts were based on the rate of 9 krona to the pound sterling with adjustments in five bands up and down.

During the shipping season which is ending the pound has never been above the datum point and has broadly moved between 8.00 and 8.30 krona, adding between 3 and 5 per cent to the cost of Soviet wood.

In previous years the Russian contracts have been tied to the U.S. dollar. With the dollar falling through the floor the Scandinavian mills would have been forced to compete with the cheaper Russian wood and in their present weakened state this could have spelt disaster.

Canada represents a further factor in the UK supply equation and from the price angle can be the most unpredictable. Canada's export availabilities are dominated by demand from the United States though Japan and Australia are increasing in importance as overseas markets.

Overall, our importers will be cautious in their buying, but at least in the current financial year stock losses have been a thing of the past and though demand may be static they should be trading from a profitable base.

Cereal award for Suffolk farmer

By Our Commodities Staff

THE NICKERSON Seed Company award for new ideas in cereal growing has been won by an Ipswich farmer, Mr. Oliver Cooper, it was announced yesterday.

Sir Emrys Jones, chairman of the judges, said with economic pressures pushing cereal growers onwards in the search for higher yields, the climate was right for new ideas.

The costs of growing cereals had escalated so steeply in the past few years that there was now a very different situation to that of the early 1970s.

Mr. Cooper had concentrated on methods of cutting down the present wastage in liquid applications of chemicals by devising new equipment to control the quantity applied.

India tea output down

By Our Own Correspondent

CALCUTTA, Nov. 21.

INDIAN TEA production in the first nine months of 1978 totalled 419.5m kilos, compared with 424m kilos in the same period last year.

At the end of July the shortfall was 7.5m kilos and to that extent the crop has shown a recovery.

'Secret' NZ deal with Japan

BY CHRISTOPHER PARKES

JAPAN HAS struck a "secret" bargain with New Zealand, promising a huge increase in its imports of dairy produce in the year starting next April, senior sources in the European dairy industry claimed yesterday. The pact will boost the value of New Zealand dairy sales to Japan to $500m a year.

But the skimmed milk powder and butterfat involved in the package will not be eaten in Japan, the sources say. It will be given away in the developing world as part of the Japanese foreign food air programme.

The deal, it is alleged, is Japan's way of paying for access to New Zealand's 200-mile fishing zone.

New Zealand officials had no knowledge of any "secret" agreements and pointed out that had such a bargain been struck it would surely have featured prominently in the current election campaign.

Mr. Stan Murphy, London director of the New Zealand Dairy Board, said the figures mentioned were "of a totally unreal order of magnitude."

European dairy industry officials said that last spring New Zealand signed two agreements with Japan, one secret and one for publication.

The former included a commitment by Japan to buy $50m worth of NZ dairy goods by the end of March 1979. During the following 12 months, it is said, Japan promised to import $500m worth.

The claims reflect the increasing bitterness in the European dairy industry and even the Common Market Commission towards New Zealand's campaign to retain and even enlarge its markets for dairy goods in Britain.

Negotiations began in Brussels yesterday between NZ Government officials and Sir Roy Denman, EEC director-general for external relations on the prices and conditions governing New Zealand's access to Community markets.

Talks are also due to begin on access to the UK butter market beyond 1980.

New Zealand says the annual quota should be frozen at 115,000 tonnes while the overwhelming weight of opinion in Europe supports a plan to continue and accelerate the process of reducing the annual allotment with the aim of closing European frontiers to all New Zealand milk products.

A quota of 115,000 tonnes of butter represents a one-third share of the UK market, dairy market experts pointed out yesterday, the output from 600,000 cows and the jobs in the ten average size creameries.

The dairy industry in Britain and Ireland is also worried about a deal allegedly done in the multilateral trade negotiations allowing New Zealand once again to sell 15,000 tonnes of cheese a year in Britain.

As part of the bargain the U.S. is said to have agreed to accept a similar tonnage of soft European cheeses in its market.

UK cheese makers said the U.S. exports would be supplied by Continental exporters while the imports from New Zealand would compete directly with the produce of British hard cheese factories.

Norway may impose new fishing ban

BY FAY GJESTER

OSLO, Nov. 21.

NORWAY IS considering the creation of two new no-trawling zones on important fishing grounds within its 200-mile limit, as well as an extension of trawling curbs already in effect in three other fish-rich areas along the coast.

The move—like the establishment of the first three no-trawl zones—would improve working conditions for fixed gear fishermen whose lines and nets are often disturbed by trawl sweeps.

The two new zones would be established on the Storegga Bank, off More County, and on the Fugløy Bank, off the county of Troms. Two existing no-trawl zones, on the Jennegga and Malangs grounds, also off Troms County, would be increased in area and the period of time when trawling is banned in them would be extended.

The third existing zone—Nordbanken, off Finnmark County—would be a no-trawl area for two months longer, in the spring, than it is at present.

Mr Eivind Bolme, Fisheries Minister, said that if the plans were well received by Norwegian fishing industry organisations they could be put into effect by next autumn, though it was too early to say whether this date would in fact be chosen.

The organisations asked to comment on the plans—by March 1 next year—include the Norwegian Fisherman's Association, The Norwegian Seamens' Union and the Norwegian Fish Producers' Association.

Mr. Bolle said foreign countries entitled to fish in Norway's waters, under quota agreements—mainly the USSR and EEC members—might object to the proposals. They had not been consulted yet.

He believed, however, that foreign objections would not create the sort of difficulties encountered in 1975, when Norway established its first three no-trawl zones. At that time, fishing limits had not been extended and Norway did not have jurisdiction over the areas involved.

David Satter writes from Moscow: The Soviet Union is taking a tough line against Norwegian claims to the right to establish a 200-mile fish conservation zone off the Arctic islands of Spitzbergen, Norwegian sources said here today.

Talks on the troublesome issue, affecting a vital area for Europe's fish supply, opened yesterday between Mr. Alexander Ishkov, the Soviet minister of fisheries, and Mr. Jens Evensen, the Norwegian law of the sea minister.

The Norwegians say the right to establish a 200-mile zone off the coast of Spitzbergen is in keeping with law of the sea developments. Most countries in Europe adhere to the Norwegian rules reporting their catches and providing other information to Norwegian authorities.

The Russians, however, argue that the 1920 Paris Treaty which gave Norway sovereignty over Spitzbergen, only covers the land mass itself and the waters up to four miles from the coast.

The sources said that experts from the two delegations are working on a formula for preservation of the area's dwindling stocks of Arctic cod which would circumvent the question of sovereignty.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. After opening at £759 forward metal eased to the day's low of £763.5 owing to general liquidation and a slightly firmer trend in sterling against the dollar. In the afternoon, however, a higher-than-expected opening on Comex saw the price moved ahead strongly to touch a high of £771.5 prior to a close on the late kerb of £769.5, with the Contango narrowing to £19½. Turnover 19,350 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £765, 64, 64.5, 64, 3.5. Cathodes, three months £751.5, 51, 51.5, 52. Kerb: Wirebars, three months £764, 63.5. Afternoon: Wirebars, cash £731, three months £768, 67.5, 68, 68.5, 69, 71, 70.5, 71, 71.5, 71. Cathodes, three months £756. Kerb: Wirebars, three months £770, 69.5, 69, 68.5, 69, 69.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	744-.5	—2.5	751-2	+2
3 months	763.5-4	—4	771-.5	+.5
Settlem't	744.5	—2.5	—	.....
Cathodes				
Cash	731-2	—4.75	737.5-8.5	—.5
3 months	751.5 2	—4.75	758-.5	—1
Settlem't	732	—4.5	—	.....
U.S. Smt.	62	.....	*72	.....

TIN—Sharply lower following a steep fall in the Penang market. Forward standard metal was marked down to £7,230 at the opening and fell further to £7,180 in the morning rings reflecting chartist, hedge and bull liquidation which touched off stop-loss selling. The price then recovered to £7,235 following light physical covering and short-covering. In the afternoon values moved erratically with forward metal recovering further to £7,250 on renewed physical demand before easing to close at £7,215 on the late kerb. Turnover 1,030 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade				
Cash	7375-85	—175	7325 40	-162½
3 months	7245-50	—200	7245-65	—140
Settlem't	7385	—175	—	.....
Standard				
Cash	7330-50	—185	7325-40	-147½
3 months	7250-5	-202½	7235-40	-142½
Settlem't	7350	—180	—	.....
Straits E.	†$1886	—64	—	.....
New York	—	.....		.....

Morning: Standard, cash £7,360, three months £7,180, 90, £7,210, 20, 25, 30, 40, 35. High Grade, cash £7,380. Kerb: Standard, three months £7,230, 10, 15, 19. Afternoon: Standard, three months £7,220, 30, 40, 50, 40, 30, 35. Kerb: Standard, three months £7,230, 15.

LEAD—Steady. Forward metal lost ground in the morning, falling back to £372 in the rings but recovering to £376 on the kerb in routine two-way business. In the afternoon, however, the firmer trend in copper saw forward metal rise to £384 but profit-taking pared the price to £377 on the late kerb. Turnover 7,875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£			
Cash	385.5-6	—4.5	393-4	+2
3 months	375.5-6	—4.5	383-4	+1
Sett'ment	386	—4.5	—	.....
U.S. Spot	—	.....	*36.55	.....

Morning: Cash £385, 85.5, three months £374, 73, 3.5, 3, 2.5, 2, 2.5, 3, 3.5, 5, 5.5. Kerb: Three months £375, 76. Afternoon: Cash £389, late Nov. £388, three months £378, 79, 78.5, 80, 83, 82, 83, 84. Kerb: Three months £384, 84, 84.5, 84, 83, 82.5, 83, 83, 81.5, 81, 80, 79, 78.

ZINC—Barely changed. The general trend in other base-metals depressed zinc in the morning with forward metal easing to £354.5 in the rings. However, in the afternoon the market lifted to a day's high of £357 following renewed trade buying before profit-taking pared the price to £354.5 on the late kerb. Turnover 3,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	341-.5	—1.75	345.5-6	+.75
3 months	353.5-4	—1.75	357-.5	—.25
S'ment	341.5	—2.5	—	.....
Prim.west	—	.....	*35.5-4.5	.....

Morning: Three months £353, 54, 53.5. Kerb: Three months £353.5. Afternoon: Cash £345, three months £358, 55.5, 55, 56.5, 57. Kerb: Cash £344.5, three months £356.

ALUMINIUM—Barely changed in quiet trading with forward metal opening at £606 and falling to £604 prior to closing at £605 on the late kerb. Turnover 550 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	.....	—	.....
3 months	604-5	—3.25	605-7	—1

Morning: Early Feb. £604, three months £606, 5, 4. Afternoon: Three months £606, 5, 6. Kerb: Three months £605.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 3.3p an ounce lower for spot delivery in the London bullion market yesterday at 304.45p. U.S. cent equivalents of the fixing levels were: Spot 592.8c, up 0.3c; three-month 603.6c, down 0.3c; six-month 614.8c, down 1.4c; and 12-month 636.2c, down 3.4c. The metal opened at 307½-308½p (593½-597c) and closed at 307.60-308.60p (596½-600½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	304.45p	—3.3	308.55p	+1.8
3 months	311.85p	—5.8	316.05p	+1.85
6 months	319.45p	—4.55	—	.....
12 months	334.25p	—5.55	—	.....

LME—Turnover 259 (197) lots of 10,000 ozs. Morning: Three months 313.8, 3.6, 3.5, 3.6, 12.8, 12.7, 12.8, 12.9. Kerbs: Three months 313, 13.2, 13.1. Afternoon: Three months 315, 15.4, 15.2, 15.1, 15, 17, 16.5, 16.8, 16.5, 16.4, 16.1, 16, 16.1. Kerbs: Three months 315, 15.2, 15, 14.5, 14, 13.5, 14.3.

COFFEE

ROBUSTAS opened [illegible] higher this morning [illegible] despite [illegible] 1,450 [illegible] reported [illegible] tract [illegible] dealer [illegible] close and the market closed just off the highs.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1600-1605	+53.5	1605-1565
January	1448-1449	+31.5	1454-1426
March	1306-1307	+28.0	1314-1286
May	1240 1 45	+23.5	1224 1328
July	1210-1214	+27.5	1215-1188
September	1182-1188	+33.0	1175 1155
November	1150 1168	+29.0	1140

Sales: 4,981 (4,804) lots of 5 tonnes.

ICO Indicator prices for Nov. 20 (U.S. cents per pound): Colombian Mild Arabicas 173.50 (175.00); Unwashed Arabicas 150.00 (149.50); other mild Arabicas 144.17 (143.00); Robustas ICA 1976 137.50 (141.00); Robustas ICA 1968 135.50 (142.00). Daily average 140.34 (142.00).

COCOA

Cocoa prices eased slightly due to some long liquidation, trading within a narrow range throughout a featureless day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	2100.5-05.0	—15.25	2116.0-2093
March	2155.0-56.0	—15.0	2175.0-2146
May	2185.0-94.0	—7.0	2196.0-2178
July	2188.0-92.0	—2.0	2192.0-2174
Sept.	2165.0-70.0	—1.5	2160.0-2150
Dec.	2120.0-26.0	—1.5	2127.0-2108
March	2096.0-2110	....	2100.0-2091

Sales: 2,427 (3,895) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Nov. 20: 168.55 (153.73). Indicator prices Nov. 21: 15-day average 160.36 (150.37); 22-day average 160.55 (179.96).

GRAINS

LONDON FUTURES (GAFTA)—Wheat opened 15p higher, in excellent trading conditions. Values increased on good commercial buying support to trade 25 to 35p higher on old crop with good mend for distants. At these levels country selling eased values to close unchanged to 40p lower on November barley in lighter volume saw good support for November and despite some country selling commercial interest on any dips to close unchanged to 5p higher on the day. New crops did not trade and closed unchanged to 10p lower on wheat. Acli reported.

WHEAT Mnth.	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	89.20	—1.40	81.75	+0.15
Jan.	91.15	....	83.55	—0.15
Mar.	93.50	....	85.95	+0.05
May	96.10	....	88.45	....
Sept.	89.25	—0.10	85.15	....

Business done—Wheat: Nov. 89.75-89.10, Jan. 91.40-91.15, March 93.75-93.65, May 96.45-96.20, Sept. nil. Sales 435 lots. Barley: Nov. 81.70-81.70, Jan. 83.70-83.50, March 86.00-85.95, May 88.50-88.56, Sept. nil. Sales: 163 lots.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Nov.-Dec. 94.50 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent, Nov. 90.30, Dec. 90.75, Jan. 92.00 transhipment east coast. U.S. Hard Winter 13½ per cent Dec. unquoted, Jan. 89.75 transhipment east coast. EEC unquoted. Maize: U.S./French unquoted. French Nov. 103.50, Dec. 105.00 east coast. S. African White Jan. 67.50 UK. S. African Yellow Jan. 67.50 UK. Barley: Feed fob Dec. 86.00 east coast.

HGCA—Location ex-farm spot prices: Feed wheat: NE England 88.10, Berks and Oxon 84.10. Feed barley: NE England 79.50, Berks and Oxon 77.90.

The UK monetary coefficient for the week beginning Nov. 27 (based on HGCA calculations) is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for November 22 in order of current levy plus December, January and February premiums (with previous in brackets) all in units of account per tonne. Common wheat: 50.43, nil, nil, 0.59 (50.43, rest nil). Durum wheat: 120.96, rest nil (120.96, rest nil). Rye: 80.58, rest nil (80.58, rest nil). Barley: 87.36, rest nil (87.36, rest nil). Oats: 79.36, rest nil (79.36, rest nil). Maize (other than hybrid for seeding): 79.09, rest nil (79.09, rest nil). Buckwheat: 1.61, rest nil (1.61, rest nil). Millet: 36.86, rest nil (46.80, 10.41, 10.41, 10.41). Grain sorghum: 77.95, rest nil (77.95, rest nil). Flour levies—Wheat or mixed wheat and rye flour: 122.80 (122.80). Rye flour: 124.00 (124.00).

RUBBER

STEADIER opening on the London physical market. Good demand throughout the day closing on a firm note. Lewis and Peat reported the Malaysian godown price was 247 (same) cents a kilo (buyer, December).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec.	60.50-61.50	59.70-59.85	60.75
Jan.	61.61-61.90	60.55-60.85	61.90-61.50
Jan-Mar	62.70-62.80	61.65-61.75	61.75
Apr-Jne	65.71-65.75	64.45-64.50	65.75-64.60
Jly-Sept	68.10-68.15	66.75-66.80	68.10-66.90
Oct-Dec	70.45-70.60	68.95-69.00	70.51-69.60
Jan-Mar	72.65-72.80	71.20-71.25	72.55-72.15
Apr-Jne	75.15-75.15	73.50-73.55	75.15-73.95
Jy-Sept	77.50-77.56	75.75-75.85	77.50-76.90

Sales: 4 (1) at 5 tonnes and 332 (243) lots of 15 tonnes.

Physical closing prices (buyers) were: 60.5p (59.5); Dec. 61.35p (60.5); Jan. 62.25p (61.25).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
December	115.50-16.2	—0.8	116.20-15.80
February	121.40-21.5	—0.65	122.20-21.20
April	124.5-22.8	....	126.10-22.00
June	124.0-24.6	+0.25	—
August	122.0-24.0	—0.25	—
October	120.5-24.0	+0.05	—
December	120.5-124.0	—0.75	22.00

Sales: 108 (77) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £100.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £105.00 (£104.00).

FIRST trades were some 50 points below overnight levels, but buyers were lacking and prices soon fell further, reported C. Czarnikow. Losses of around 175 points were recorded before support became apparent and following improving [illegible] New York [illegible] recovered [illegible] easier [illegible].

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: [illegible]

Tate and Lyle ex-refinery price for granulated basis white sugar was [illegible] (same) [illegible] £173.50 [illegible].

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Nov. 20: Daily 7.81 (7.75) [illegible].

WHITE SUGAR—Close (in order buyer, seller, business, sales) [illegible].

COTTON

LIVERPOOL COTTON: Spot and shipment sales in Liverpool amounted to 221 tonnes, [illegible] week so far [illegible] continued [illegible] fixed up [illegible] on African [illegible] qualities.

WOOL FUTURES

LONDON—Featureless. Bache reported.

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	228.0-31.0	......	—
March	235.0-55.0	......	—
May	237.0-40.0	......	—
July	250.0-58.0	......	—
October	250.0-53.0	......	—
December	256.0-58.0	......	—
March	267.0-69.0	......	—
May	240.0-44.0	......	—

Sales: 3 (nil) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 349.5, 349.7, 349.5-349.8, 34; March 354.5, 355.5, 354.5-354.0, 9; May 359.5, 360.0, 359.5-359.0, 14; July 360.5, 361.0, 361.0-360.9, 3; Oct. 361.5, 362.0, 362.0-362.0, 2; Dec. 363.7, 364.0, 364.0-364.0, 12; March 366.5, 368.0, 367.0-367.0, 5; May 369.0, 370.0, 369.5-369.5, 2. Total sales 81.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). Dec. 180.0, 186.0; March 182.0, 185.0; May 182.0-185.0; July 182.0, 186.0; Oct. 185.0, 192.0; Dec. 192.0, 196.0; March 192.0, 196.0; May 192.0, 198.0. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD—Beef: Scotch killed sides 54.0 to 58.5; Ulster hindquarters 64.0 to 65.0, forequarters 36.0 to 39.0; Eire hindquarters 63.0 to 65.0, forequarters 35.0 to 38.0.

Veal: English fats 62.0 to 72.0; Dutch hinds and ends 83.0 to 89.0.

Lamb: English small 48.0 to 58.0, medium 50.0 to 54.0, heavy 45.0 to 50.0; Scotch medium 50.0 to 54.0, heavy 44.0 to 52.0. Imported frozen: NZ YLs 47.0 to 50.0.

Pork: English, under 100 lb 37.0 to 46.0, 100-120 lb 35.0 to 45.0, 120-160 lb 37.0 to 45.0.

Grouse: Young, best (each) 150.0 to 220.0.

Partridges: Young (each) 200.0 to 240.0.

MEAT COMMISSION—Average fatstock prices at representative markets on November 21. GB cattle 67.13p per kg. l.w. (−0.98). UK sheep 133.8p per kg. est.d.c.w. (+1.6). GB pigs 61.6p per kg. l.w. (−0.2). England and Wales: Cattle numbers up 14.0 per cent, average price 66.19p (−0.66); Sheep numbers down 15.2 per cent, average price 133.4p (+1.9); Pig numbers up 10.0 per cent, average price 63.5p (−0.3). Scotland: Cattle numbers up 18.6 per cent, average price 70.32p (−1.56); Sheep numbers up 38.3 per cent, average price 124.0p (−2.1); Pig numbers down 19.0 per cent, average price 64.3p (+0.6).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Lemons—Italian: 120's new crop 3.50-5.75; Greek: 4.50-5.80; Spania: Small trays 1.00-2.00; Cypriot: Trays 4.80-5.20, boxes 144/163 5.50-6.00; Arizona: 5.00-6.50; Turkish: 10 kilos 2.50-3.70. Oranges—Spania: Navel/Navelinas 3.30-5.50; S. African: Valencia Late 2.60-4.50; Greek: Navels 3.50-4.50. [illegible]

GRIMSBY FISH

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 21 1978	+ or —	Month ago
Metals			
Aluminium	[illegible]		£710
Free market (cts)	[illegible]		$1150.40
Copper cash W'bars	[illegible]		£744
3 months	[illegible]		£764.25
Cash Cathode	[illegible]		£733.25
3 months	[illegible]		£753.25
Gold	[illegible]		$226.625
Lead cash	[illegible]		£415.5
3 months	[illegible]		£396.25
Nickel	[illegible]		$1.75
Free Market (c/lb)	[illegible]		1.90
Platinum troy oz.	[illegible]		£150
Free Market	[illegible]		£171.18
Quicksilver	[illegible]		$120.25
Silver troy oz.	[illegible]		290 5p
3 months	[illegible]		298
Tin Cash	[illegible]		£7,845
3 months	[illegible]		£7,660
Tungsten	[illegible]		£141.35
Wolfram	[illegible]		$142
Zinc cash	[illegible]		£359
3 months	[illegible]		£370.25
Producers	[illegible]		$675
Oils			
Coconut (Phil)	[illegible]		$655
Groundnut	[illegible]		
Linseed Crude	[illegible]		£526
Palm Malayan	[illegible]		$615
Seeds			
Copra Phil	[illegible]		$580
Soyabean (U.S.)	[illegible]		$277
Grains			
Barley			
Home Futures	[illegible]		£82.1
Maize			
French No. 3 Am	[illegible]		£103.5
Wheat			
No. 1 Red Spring	[illegible]		£92.5
No. 2 Hard Winter	[illegible]		£87
English Milling	[illegible]		£91.5
Cocoa shipment	[illegible]		£2,090
Future Mar.	[illegible]		£2,081.5
Coffee Future			
Jan.	[illegible]		£1,406.5
Cotton 'A' Index	[illegible]		77.5
Rubber kilo	[illegible]		61.75p
Sugar (Raw)	[illegible]		£108
Wooltops 64s	[illegible]		275p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. [illegible] to Dec. [illegible] Indicator prices.

FINANCIAL TIMES

Nov. 21	Nov. 20	Month ago	Year ago
261.28	259.54	262.34	240.85

(Base: July 1, 1952=100)

REUTERS

Nov. 21	Nov. 20	Month ago	Year ago
1510.5	1509.5	1590.7	1486.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 21	Nov. 20	Month ago	Year ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 21	Nov. 20	Month ago	Year ago
Spple Commdty	978.4	978.1	972.1	878.1

(December 31, 1931=100)

U.S. Markets

Cocoa gains —precious metals ease

NEW YORK, Nov. 21.

AFTER INITIALLY being firm, precious metals eased to close slightly lower on Commission House selling following disappointment on the price of the U.S. gold auction. Copper closed steady on Commission House buying and stop-loss buying. Cocoa finished higher on Commission House stop-loss buying. Coffee finished higher in the nearbys on Commission House and producer buying, Bache reported.

Cocoa—Dec. 184.30 (183.70), March 185.40 (184.25), May 185.10, July 184.10, Sept. 181.60, Dec. 177.50. Sales: 572.

Coffee—"C" Contract. Dec. 145.00 (144.20), March 135.75-135.99 (134.64), May 132.25-132.50, July 130.25-130.50, Sept. 128.50-129.00, Dec. 125.00-127.50. Sales: 1,275.

Copper—Nov. 65.20 (64.65), Dec. 65.40 (64.55), Jan. 66.10, March 67.00, May 68.50, July 69.90, Sept. 70.95, Dec. 72.15, Jan. 72.60, March 72.30, May 74.40, July 75.60, Sept. 76.10. Sales: 7,000.

Cotton—No. 2: Dec. 67.35-67.65 (67.92), March 71.20-71.30 (71.39), May 72.85-72.95, July 73.10-73.15, Oct. 67.65-67.70, Dec. 66.07, March 67.20-67.50, May 67.20-56.82. Sales: 5,830.

*Gold—Nov. 197.30 (197.80), Dec. 197.90 (198.30), Jan. 199.60, Feb. 201.40, April 205.20, June 209.00, Aug. 212.50, Oct. 216.60, Dec. 220.50, Feb. 224.50, April 228.60, June 232.70, Aug. 236.50. Sales: 25,000.

†Lard—Chicago loose 23.50 (23.75). NY prime steam 25.00 traded.

‡‡Maize—Dec. 227¾-227½ (226), March 235¼-235 (236¼), May 245¼-245½, July 249½, Sept. 250, Dec. 253-251¾.

§Platinum—Jan. 319.00-321.00 (320.50), April 322.50-323.50 (322.90), July 324.50, Oct. 327.60-327.80 asked, Jan. 330.30-330.50, April 332.00-333.10, July 335.30-335.70. Sales: 1,719.

*Silver—Nov. 596.70 (601.50), Dec. 597.50 (602.30), Jan. 599.70, March 605.00, May 611.40, July 618.10, Sept. 624.90, Dec. 637.10, Jan. 641.50, March 650.00, May 655.60, July 667.30, Sept. 676.00. Handy and Harman spot bullion 600.90 (595.60). Sales: 35,000.

Soyabeans—Nov. 674-675 (665), March 686-685 (677), May 692½-693, July 698-696½, Aug. 692, Sept. 674½, Nov. 655, Jan. 662.

||Soyabean Meal—Dec. 182.70-182.90 (181.70), Jan. 185.00-184.60 (183.80), March 186.00-186.20, May 185.00-185.30, July 185.50-185.20, Aug. 185.00-185.10, Sept. 183.70, Oct. 179.50, Dec. 179.50.

Soyabean Oil—Dec. [illegible] [illegible]

Sugar—No. 11: [illegible]

Tin—[illegible]

**Wheat—[illegible]

WINNIPEG, Nov. 21. ††Rye—[illegible]

††Oats—[illegible]

††Barley—[illegible]

§Flaxseed—[illegible]

††Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence [illegible]

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-ounce units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

I.G. Index Limited 01-351 3466. March Coffee 1300-1313

29 Lamont Road, London SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

LEGAL NOTICES

No. 003529 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ALONSO & GWILT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 3rd day of November 1978, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at: Forstal Road, Aylesford, Maidstone, Kent, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 4th day of December 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Bind Court,
Fleet Street,
London, EC4A 3DS.
Ref: F/BH/CD Tel: 01-353 8511
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of December 1978.

No. 00979 of 1978

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of JARVIS, HALLIDAY & COMPANY, LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 30th March 1978 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £100,000.00 to £35,000.00 by returning capital which is in excess of the wants of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Brightman at the Royal Courts of Justice, Strand, London, WC2 on Monday the 4th day of December 1978.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED this 16th day of November, 1978

ROBBINS OLIVEY & LAKE,
218 Strand, London WC2R 1AU
Ref: PM/310. Tel: 01 353 3721
Agents for
Horwood & James,
7 Temple Square,
Aylesbury, Bucks. HP20 2QE.
Solicitors for the said Company.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 003623 of 1978
BOOKLINES LIMITED
No. 003619 of 1978
HENRY BOYER (CONTAINERS) LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 13th day of November 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 18th day of December 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 15th day of December 1978.

STOCK EXCHANGE REPORT

Ford hopes prompt technical recovery in equities

Metal Box to raise nearly £36m through rights issue

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A rally yesterday in equity markets was largely technical although there was little doubt that the news from Ford, where union negotiators have accepted the latest wage offer and will recommend it at mass meetings today, encouraged sentiment which also benefited from rising optimism that the BOC dispute might soon be settled.

Relief that the end of the prolonged strike at Ford was at last in sight was reflected immediately dealings began. Leading industrials were marked a few pence higher and this promptly revived short-term speculative interest as existing bear positions were closed and new bull commitments opened. Soon afterwards, a small institutional demand developed but the ensuing upturn owed more to a marked reluctance of sellers than to any genuine investment business.

The adverse effects of another major fund-raising operation—Metal Box is asking for nearly £36m by a rights issue proposal—were countered by the company reporting midway profits in excess of most analysts' projections and Metal Box, unlike Beecham which weakened sharply on last week's news of its £82.5m rights issue, advanced 14 to close at the day's best of 312p. More rights issues are believed to be in the pipeline but not from Courtaulds, which reports interim figures today or Imperial Chemical Industries due to announce third-quarter results tomorrow.

Many secondary stocks reflected the market's improved tone, but the major gains were not particularly outstanding. Business, however, in all sectors remained pitifully small with bargains marked totalling 4,126, slightly less than the previous day. At the height of the recovery around 1 pm, the FT 30-share index was 6.2 higher but it later slipped to close with a net 5.2 gain at 474.0.

The inflationary aspect of the Ford pay offer failed to unsettle the Gilt-edged market. Thoughts that Monday's reaction may have been overdone prompted cheap buying of both the short and long maturities, which established gains extending to ½ before easing fractionally after the official close of business. Interest in last week's exhausted tap Exchequer 10 per cent 1983 tended to improve again.

Dealers reported more business in the investment currency market yesterday. Early selling took the premium down to 85 per cent before the reappearance of institutional buyers prompted a rally in thin conditions to 85½ before a close of 85¼ per cent, a net rise of 1½ on the day. Yesterday's SE conversion factor was 0.7248 (0.7285).

An increased demand in the Traded Option market saw the number of contracts improve to 522 from the previous day's 199, which was the lowest since dealings began on April 21. Grand Metropolitan account for 103 of yesterday's total.

Contrary to expectations, the debut of **Kitchen Queen** was something of a disappointment: despite being oversubscribed some 30 times on application, earlier estimates of a 5p premium were not realised, and the shares, although actively traded, settled at 30½ after comparatively narrow extremes of 29p and 31p compared *with the offer price of 29p.*

Hambros easier

Hire Purchases came in for some modest support in an otherwise lethargic banking sector. **UDT** firmed 2 to 38p, while **Moorgate Mercantile** hardened a penny to 12p as did **FNFC** to 6p. Home banks edged forward in thin trading and **Lloyds**, 280p, and NatWest, 265p, gained 5 and 3 respectively. Firmer Far-Eastern advices *prompted a rally of 10* to 247p in **Hong Kong and Shanghai** among foreign issues where **Bank of New South Wales** fell 20 to 510p. Merchant banks were notable only for a reaction of 5 to 158p in **Hambros** following the uninspiring interim statement.

Firmer conditions returned to Insurances and closing gains ranged to 4.

Breweries closed showing modest gains, **Allied** rising 1½ to 84p *after the encouraging 53-week* statement. **Matthew Clark** touched 156p, before closing at the overnight level of 150p.

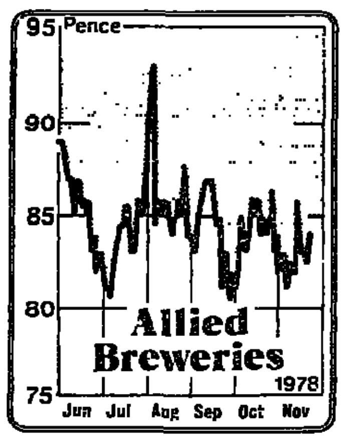
Leading Building descriptions held modest improvements on sporadic demand. **Blue Circle** firmed 2 to 275p, while **Tunnel B**, ahead of tomorrow's interim results, gained 2 to 270p. Dull of late on the increased annual loss and accounting discrepancies, **JCEG** rallied 3 to 17½p in a thin market. Fading bid hopes left **Boyco** 3½ lower at 37p.

Ahead of tomorrow's third-quarter figures, **ICI** made steady progress to 366p, but subsequent small offerings left the close just 2 up on balance at 362p. Despite a favourable Press mention, **Leigh Interests** softened 2 to 114p; the interim results are due tomorrow.

S. Casket up

Leading Stores touched slightly higher levels, largely on technical influences. Elsewhere, **S. Casket** attracted buyers and closed 3 to the good at 37p and **Northern Goldsmiths** revived with a rise of 5 to 70p. **Time Products**, on the other hand, encountered persistent small selling and lost 7 at 163p.

Details of the group's £52m step into the U.S. office equipment market with its agreed bid for A. B. Dick, helped **GEC**, at 316p, retrieve 5 of the previous day's fall of 6 which followed concern over the Government's decision to study rival turbine generator designs. Elsewhere in Electricals, **Racal** put on 7 to 320p on buying ahead of the interim results due tomorrow week and **MK** improved 5 to 207p in front of today's mid-term figures. **Farnell** gained 6 to 363p and, in a restricted market, **Campbell and Isherwood** rose 15 to 135p.



Quietly firm throughout most of the trading session, Engineering leaders tended to fade towards the close of business. **John Brown** new shares revived initially and improved to 45p premium before easing back to *close unaltered on balance at 42p* premium, while **Hawker** closed only 2 firmer at 222p, after 224p. **Tubes**, however, ended at the day's best of 376p, up 6. Elsewhere, scattered demand took **Babcock and Wilcox** up 5 to 150p, while **Ransome Sims** firmed 5 to 158p and **Hall Engineering** put on 3 to 104p. Among smaller-priced issues, **Brook Tool** firmed 2 to 41p. On the other hand, **MI Holdings** remained on offer and lost 5 more to 160p.

Selected Foods made headway following a slightly improved trade. Mirroring Press comment, **Tate and Lyle** added 6 to 182p. **Associated Dairies** gained a like amount for a two-day rise of 10 at 178p. **J. Sainsbury** improved 5 to 227p while, awaiting today's interim results, **Tesco** firmed a penny to 53p. **Cullens** issues continued firmly, the ordinary adding 3 to 140p, and the A 2 to 138p. Elsewhere, revived speculative demand lifted **Robertson** 4 to 149p; the interim results are due on Friday.

Myddleton Hotels, 290p, gave back 5 of Monday's jump of 80 that stemmed from **Ladbroke's** 300p cash per share offer. The latter put on 4 to 161p and **Mount Charlotte**, with a 9.9 per cent stake in Myddleton, gained 2 to 21p.

Metal Box rise

The much-better-than-expected interim profits together with a proposed dividend-boosting £35.9m rights issue helped **Metal Box** rise 14 to the day's best of 312p and feature miscellaneous Industrials. Other leaders moved higher on technical influences and **Beecham**, a dull market since last week's £82½m fund-raising call, rallied 7 to 607p, while the new nil-paid *shares picked up 2 at 35p*, after extremes of 37p and 30p. **Reckitt and Colman** added 6 at 444p, while **Boots**, 200p, and **Pilkington**, 282p, gained 5 apiece. Elsewhere, dealings in **Randalls** were resumed and the close was 108p, 4 lower than the suspension price following news that Ferguson Industrial had sold its 25 per cent stake to Whitecroft, with the latter having increased its offer terms for Randalls to around 113½p per share. Toy shares came *in for some traditional seasonal* support and improvements of around 3 or 4 were recorded in **Lesney Products**, 79p, **Dunbee-Combex**, 90p, and **Mettoy**, 70p. Sharply higher annual profits prompted a rise of 3 to 31p, after 33p, in **Wade Potteries**, while **Ropner** ordinary and A both 3½ better at the common level of 43½p following favourable interim figures. Further investment buying ahead of the results on vague *suggestions that the group will simultaneously announce share-slimming proposals* helped **Sotheby Parke Bernet** rise 4 to 336p. **Rockware** gained 6 to 122p; Mr Derek Whittaker is leaving GKN to join the company next week and will become managing director on January 1. By way of contrast, **Black Arrow** shed 3 to 39p on disappointing first-half results.

In the Leisure sector, recent Press comment on bid prospects continued to spur **Norton and Wright** which *gained 10 for a* three-day rise of 27 at a 1978 peak of 163p. In Televisions, the interim profits standstill left **Grampian A** unmoved at 40p.

Hopes of an agreement in the long drawn-out Ford dispute left Distributors firmer with rises of around 4 in **Harold Perry**, 115p, **Hartwells**, 102p and **T. C. Harrison**, 107p. **Western Motor** however, were again sold and fell 10 in a thin market to 95p. Pending an announcement, dealings in **Pennine** were suspended at 17p. Components also took a hard stance. **Dunlop**, 65p and **Lucas**, 300p, both closing 2 better, while **Jonas Woodhead** rose 5 to 99p on a single buyer.

Saatchi and Saatchi, a firm market recently, encountered scattered profit-taking and gave up 3 to 122p. Elsewhere, trade was light and falls of around 4 were recorded in **John Waddington**, 188p, **McCorquodale**, 262p, and **W. N. Sharpe**, 136p.

Properties made a little headway on modest investment demand and an absence of sellers. **Land Securities** improved 4 to 231p and **MEPC** 3 to 130p while, awaiting tomorrow's interim results, **Capital and Counties** hardened ¼ to 50p. Recently firm **Bellway** encountered further support and put on 2½ to 75p, while gains of around 5 were marked against **United Real**, 297p, and **Property and Reversionary A**, 310p. Further consideration of the satisfactory annual profits and proposed 50 per cent scrip issues left **Town Centre Securities** a penny firmer at 75p, but **Evans of Leeds** were unmoved at 86p following the interim results.

Oils quietly firm

Oils traded on a quietly firm note. **British Petroleum** held an early improvement of 10 at 924p and **Shell** edged up 5 to 575p. Outside the leaders, small offerings clipped 6 from **Oil Exploration** at 222p.

On Far Eastern advices, **Sime Darby**, at 93p, recovered 7 of Monday's fall of 8. **S. and W. Berisford** attracted interest and rose 5 to 156p, while a similar rise was seen in Gill and Duffus, 143p.

Trusts tended harder in common with the better overall trend. **British Industries and General** firmed 3 to 96p.

Shippings also edged a little harder, with **P and O** deferred rallying 1½ to 78p and **Common Bros**, regaining 3 to 180p. **Reardon Smith** ordinary and A shares held steady at 77p and 32p respectively following the interim results.

The presence of a few small buyers helped lower-priced Textiles to higher levels. **Cawdaw** put on 3 to 34p, while **Homfray** added 2 to 39p. **Sirdar** met further bid speculation and improved 3 to a 1978 high of 111p and, ahead of today's interim results, **Courtaulds** finished 2 to the good at 112p. On the other hand small selling was seen in **David Dixon**, 112p, and **Radley Fashion**, 57p, both 2 easier.

Tobaccos closed firmer, **Bats** advancing 5 to 275p and the deferred 4 to 239p. **Rothman's** were slightly better at 60p: the interim results are due tomorrow.

Plantations sometimes moved ahead on Far-East influences, **Highlands** rising 6 to 93p and **Kuala Kepong** 5 to 64p.

Golds edge forward

The steadiness of the bullion price in front of the outcome of yesterday's U.S. Treasury gold auction enabled South African Gold shares to edge forward for the third consecutive trading day, although business remained at a very low level.

The Gold Mines index put on 0.7 more to 132.5, but the ex-premium index was unaltered at 96.0. The bullion price closed $0.625 higher at $200.50 per ounce.

Among heavyweights Golds, gains rarely exceeded ¼ with **Randfontein** and **Western Holdings** that amount firmer at £23¼ and £14½ respectively.

In South African Financials, **De Beers** staged a good recovery after initially easing to 335p on *lack of interest and closed* 6 higher on balance at 344p.

A fresh decline in overnight Sydney and Melbourne markets coupled with lack of London interest caused further losses in Australians. Values were marked down at the outset and drifted throughout before recovering marginally in the late trade on "cheap" buying.

Diamond exploration stocks were particularly vulnerable. **Conzinc Riotinto** were 6 down at 230p *and Otter 3 off at 22p*, while **Hiaoma** and **North West Mining** were 2 lower at 26p and 18p respectively.

Elsewhere, the steam ran out of **Westfield Minerals**; after a further burst of speculative buying which lifted the shares to a 1978 high of 290p sizeable profit-taking caused a sharp reversal to leave the price 15 down on the day at 270p. **Northgate** moved similarly rising to 460p prior to closing 5 off on balance at 440p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Stocks favoured for the call included **English Property, First National Finance Corporation, Barker and Dobson, Bellway, Burton Warrants, Ladbroke Warrants, Dunlop, ICI, Lonrho, Airfix, P and O., Caplan Profile Elsburg Gold and Western Mining.** A put was reported in **ICI**, while *double options were completed* in **Ladbroke Warrants, Airfix** and **Premier Oil.**

FINANCIAL TIMES STOCK INDICES

—	Nov. 21	Nov. 20	Nov. 17	Nov. 16	Nov. 15	Nov. 14	A year ago
Government Secs.	68.19	67.97	68.22	68.27	68.28	68.26	78.42
Fixed Interest	69.55	69.55	69.64	69.56	69.52	69.41	78.15
Industrial	474.0	468.8	472.8	471.0	475.6	487.5	471.8
Gold Mines	132.5	131.8	131.7	130.3	133.8	137.8	140.1
Gold Mines Ex-$ pm.	96.0	96.0	94.4	91.5	95.5	100.2	100.6
Ord. Div. Yield	6.08	6.12	6.07	6.02	5.78	5.69	5.64
Earnings Y'ld % (full)	15.92	16.18	16.06	16.06	15.99	15.64	17.00
P/E Ratio (net) (*)	8.11	8.00	8.06	8.06	8.11	8.30	8.35
Dealings marked	4,126	4,268	3,756	3,909	4,956	4,247	5,784
Equity turnover £m.	—	45.09	52.50	64.85	74.66	72.10	70.86
Equity bargains total	—	12,965	12,690	13,402	14,543	14,214	14,036

10 am 471.7. 11 am 473.0. Noon 474.4. 1 pm 475.0. 2 pm 474.9. 3 pm 474.4.

Latest Index 01-246 8026.

*Nil=7.57.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm Index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1)	69.50 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	152.5 (14/8)	90.6 (13/4)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

—	Nov. 21	Nov. 20
Daily		
Gilt-Edged	177.6	188.6
Industrials	136.6	138.1
Speculative	25.0	30.5
Totals	93.9	97.1
5-day Average		
Gilt-Edged	172.2	179.4
Industrials	137.2	137.8
Speculative	29.7	30.4
Totals	95.5	98.1

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	19	924	+10	926	720
Beecham "New"	Nil/pd	14	35pm	+ 2	41pm	28pm
GEC	25p	11	316	+ 5	340	233
ICI	£1	11	362	+ 2	421	328
BATs Defd.	25p	9	239	+ 4	304	227
HK & Shanghai	$HK2.50	8	247	+10	360	203
Royal Insurance	25p	8	353	+ 3	425	336
Shell Transport	25p	8	575	+ 5	602	484
Barclays Bank	£1	7	342	—	368	288
Brown (J.) "New"	Nil/pd	7	42pm	—	64pm	42pm
Metal Box	£1	7	312	+14	384	239
NatWest	£1	7	263	+ 3	298	253
RTZ	25p	7	234	+ 4	263	164
Allied Breweries	25p	6	84	+ 1½	94	78
Reckitt & Colman	50p	6	444	+ 6	530	392

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (10)

BEERS (1)
Morland
STORES (1)
Casket (S.)
INDUSTRIALS (5)
Berisfords
Feedex
Sotheby P.B.
Stag Furniture
Watson (R. K.)
LEISURE (1)
Norton & Wright
TEXTILES (1)
Sirdar
OVERSEAS TRADERS (1)
Berisford (S. & W.)
PAPER (1)
Bunzl Pulp
TRUSTS (1)
Jersey Gen.
OILS (1)
Woodside
TEAS (1)
Assam Frontier
MINES (2)
Tanjong
Messina

NEW LOWS (13)

CORPORATION LOANS (1)
London Corp. 9¼pc 1984-85
LOANS (1)
FFI 14pc 1983
BUILDINGS (1)
Aberdeen Constr.
CHEMICALS (1)
Burrell
INDUSTRIALS (3)
Abbey
Camrex
Whitecroft

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	70	—	8
Corpns. Dom. and Foreign Bonds	2	13	46
Industrials	410	162	856
Financial and Prop.	175	39	298
Oils	12	11	18
Plantation	4	5	22
Mines	40	46	37
Recent Issues	8	3	36
Totals	721	275	1,321

COMPANY NOTICES

ALUMINIUM PECHINEY

French Limited Company, with a capital of FF 512,000,000.—
Registered office in Lyons.
28 rue de Bonnel
Administration office in Paris,
23, rue Balzac, 23

US $ loan 25,000,000.—
9% Bonds 1970/1985

We hereby inform Bondholders that the redemption instalment of US $ 1,250,000 —due on the 15th of December 1978 has been partly met by purchases in the market.

For the redemption of the remaining amount of US $ 712,000.—due, a draw by lot took place in the presence of Madame Jeanne Housse, notary public in Luxembourg.

Bonds bearing the following distinctive numbers, taking account of numbers already drawn for preceeding instalments, will be redeemable at par coupons at December 1979 and subsequent attached, as from December 1978, date at which they will cease to bear interest:

8,037 to 13,067 inclusive

Reimbursement will take place at the following banks: CREDIT LYONNAIS, Luxembourg—CREDIT LYONNAIS, Paris—CREDIT LYONNAIS, Bruxelles — BANQUE NATIONALE DE PARIS, Paris—MM. LAZARD FRERES & CIE, Paris—MM. PIERSON, HELDRING & PIERSON, Amsterdam—BANQUE BRUXELLES LAMBERT S.A., Bruxelles—DEUTSCHE BANK A.G., Frankfurt—COMMERZBANK A.G., Frankfurt—LAZARD BROTHERS & CO LTD, London—MM. N. M. ROTHSCHILD & SON LTD, London—CREDITO ITALIANO, Milan—CREDIT COMMERCIAL DE FRANCE, Milan—MORGAN GUARANTY TRUST COMPANY NEW YORK, New York.

It is recalled that the following bonds previously drawn for redemption on the 15th December 1977 have not yet been presented for repayment:

7916/7924, 7981/7955, 8070/8072, 8074, 7997/8107, 8147, 8230/8272, 8949/8953, 11595, 11600, 11651, 11672.

Amount not yet redeemed at the end of the eighth instalment
US $ 15,623,000 —
The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

REFINERIA DE PETROLEOS DEL NORTE S.A.

PETRONOR

Loan 8½%—1971/1986—
US $ 15,000,000 —

Bondholders are hereby informed that the amortization of US$1,000,000 — nominal redeemable on 30th December 1978, has been fully carried out by repurchase on the market.

Payment of coupons due on 30th December 1978 will take place at the following banks:

CREDIT LYONNAIS Luxembourg
CREDIT LYONNAIS Paris—CREDIT LYONNAIS, New York
CREDIT LYONNAIS, Brussels
CREDIT COMMERCIAL DE FRANCE, Paris—
KREDIETBANK S.A. LUXEMBOURGEOISE Luxembourg
KREDIETBANK N.V. Brussels
COMMERZBANK A.G., Frankfurt
BANCO DI ROMA Rome
AMSTERDAM-ROTTERDAM BANK N.V., Amsterdam
BANCO DE BILBAO Bilbao—BANCO DE VIZCAYA, Bilbao

Amount remaining in circulation after the seventh instalment
US $ 11,500,000.—

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG.

NIPPON MEAT PACKERS, INC. (CDRs)

The Undersigned announces that as from 29th November 1978 at Kas-Associatie N.V. in Amsterdam and at Kredietbank S.A. Luxembourgeoise in Luxembourg div.cp.no. 4 (accompanied by an "Affidavit") of the CDRs Nippon Meat Packers, Inc. will be payable with US$ 4.43 per CDR, repr. 100 shs and with US$ 44.30 per CDR repr. 1,000 shs (div. per record-date 31.7.78: gross Yen 10 — p.sh.) after deduction of 15% Japanese tax, resp. Yen 150.— = $ —.78 per CDR, repr. 100 shs and Yen 1500 — = $ 7.80 per CDR repr. 1,000 shs

Without an Affidavit 20% Jap. tax = Yen 200 — = $ 1.04 per CDR repr. 100 shs; and Yen 2000 — = $ 10.40 per CDR, repr. 1,000 shs) will be deducted.

After 28.2.79 the dividend will only be paid under deduction of 20% Jap. tax with resp. $ 4.17 per CDR, repr. 100 shs and with $ 41.70 per CDR, repr. 1,000 shs, in accordance with the Japanese tax regulations

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, November 17 1973

TDK ELECTRONICS CO. LTD. (CDRs)

The undersigned announces that shareholders who will be registered in the books of the company at 3.00 pm November 30 1978 will be entitled to receive a 10% gratis distribution of new shares.

Consequently the undersigned designated **div.cp.no. 7** of the CDRs for this purpose

In Japan the shares are traded ex-bonus as from 27.11.1978.

Amsterdam, 13th, November 1978

AMSTERDAM DEPOSITARY COMPANY N.V

HIGSONS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER REGISTERS in respect of the Ordinary Stock will be CLOSED from the 8th December to the 21st December 1978, both dates inclusive.

BY Order of the Board,
H. E. THOMAS, Secretary.

127 Dale Street,
Liverpool L2 2JJ.
22nd November, 1978

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

Declaration of Dividend No. 139 on the 40 per cent Cumulative Preference Shares of R5.00 each

Dividend No. 139 of One Rand (R1.00) per share in respect of the six months ending 31st December 1978 has been declared payable to the holders of the 40 per cent preference shares registered in the books of the Company at the close of business on 29th December 1978, and to persons presenting coupon No. 139 detached from the preference share warrants to bearer. A notice regarding payment of dividends on coupon No. 139 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about *22nd December 1978.*

Declaration of Dividend No. 7 on the 8 per cent Cumulative Second Preference Shares of R1.00 each

Dividend No. 7 of 4 cents per share in respect of the six months ending 31st December, 1978 has been declared payable to the holders of the 8 per cent cumulative second preference shares registered in the books of the Company at the close of business on 29th December, 1978.

For the purpose of these dividends the preference share transfer registers and registers of members will be closed from 30th December 1978 to 12th January 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 1st February 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 23rd January 1979 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 29th December, 1978.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom

By order of the Board
F. M. HODGSON,
Group Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited,
62, *Marshall Street*
Johannesburg 2001
(P.O. Box 61051 Marshalltown 2107)
Charter Consolidated Limited,
P.O. Box No. 102,
Charter House, *Park Street*,
Ashford, Kent. TN24 8EQ.

Head Office:
36, Stockdale Street,
Kimberley 8301.
London Office:
40, Holborn Viaduct, EC1P 1AJ.
22nd November, 1978

LONDON TRADED OPTIONS

Option	Exercise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	185	10	—	—	—	—	925p
BP	900	51	10	82	1	96	1	"
BP	950	17	10	45	1	68	—	"
Com. Union	130	17	—	19	20	22	—	144p
Com. Union	140	9	30	12	45	15	—	"
Cons. Gold	160	16	2	26	—	29	—	170p
Cons. Gold	180	6	1	12	—	16	—	"
Cons. Gold	200	1½	10	5½	20	10	1	"
Courtaulds	110	8½	5	11	—	14	—	112p
Courtaulds	130	1½	1	3½	—	6	—	"
GEC	300	24	8	35	—	47	—	317p
GEC	360	2	1	8	7	—	—	"
Grand Met.	100	10	—	15	1	18	—	106p
Grand Met.	110	4½	24	7½	—	11	10	"
Grand Met.	120	1	50	4½	18	7	—	"
ICI	330	42	—	50	5	—	—	354p
ICI	360	20	52	29	—	40	—	"
ICI	390	6½	—	12½	5	20	—	"
ICI	420	1½	—	6	—	12½	5	"
Land Secs.	200	34	5	40	—	—	—	231p
Land Secs.	240	5½	30	13½	—	20	—	"
Marks & Sp.	70	16½	15	19	—	21	—	85p
Marks & Sp.	90	3½	1	7	6	8½	1	"
Shell	550	36	20	56	—	65	—	577p
Shell	600	7½	33	24	—	34	—	"
Totals			298		129		18	

Option	Exercise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
BOC Intl.	70	½	—	4	4	6	—	69p
Boots	160	19	21	25	—	31	—	193p
Imps	100	1	—	11½	25	20	—	
Lonrho	80	3	20	6	—	7	10	83p
RTZ	220	14	2	35	—	32	—	234p
			43		36		10	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
‡20	F.P.	24/11	[illegible]	45	[illegible]	43	.....	[illegible]	2.4	5.6	9.5
¶50.8	F.P.	—	[illegible]	61	Ashton Mining 50c	65	.....	—	—	—	—
29	F.P.	—	31	29	Kitchen Queen 10p	30½	.....	—	—	6.6	5.0
**	F.P.	—	117	100	[illegible]	116	+1	—	—	—	9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
£99¾	F.P.	—	99⅝	[illegible]	Anglesey Variable 1985	99½	.....
¶	£10	4/1	10⅛	9⅞	Bristol Waterworks 7% Prf. 1983	10	.....
£100	F.P.	16/11	107	101	Crosby House 10% Conv. '87-86	106	−5
£1	F.P.	—	99	89	Newman Inds 10½% Acc. Pref.	99p	.....
‡	F.P.	26/10	140	115	[illegible] Laundries 12% Conv. Pref.	140	+5
£97½	£10	26/1	9½	9	Rickmansworth & Uxbridge Water 7% '85	9¼	.....
§§	F.P.	—	127	106	Rightwise 10% Conv. Uns. 1985	127	+3
£99¼	£50	10/1	49	46	Southwark Corp. 12½% Red. 1987	46	.....
£97¼	£10	26/1	9¾	9¼	West Kent Water 7% Pref. 1983	9½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
30	F.P.	7/11	24/11	68	43½	[illegible]	68	.....
560	Nil	—	—	41pm	28pm	Beecham	35pm	+2
30	F.P.	30/10	24/11	[illegible]	[illegible]	[illegible] Bridge	57	.....
350	Nil	—	—	64pm	42pm	Brown (J.)	42pm	.....
57	Nil	29/11	5/1	14pm	8pm	Capper-Neill	6pm	+1½
12	F.P.	18/10	30/11	18	12	Change Wares	14½	+½
88	F.P.	17/11	8/12	110	104	[illegible] & Barrett	110	.....
130	Nil	—	—	12½pm	10pm	Hoskins & Horton	10pm	.....
74	Nil	—	—	8pm	3½pm	Newman Inds	3½pm	.....
155	F.P.	8/11	8/12	196	162	Time Products	163	−7

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Tues., Nov. 21 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Nov. 20 Index No.	Fri., Nov. 17 Index No.	Thur., Nov. 16 Index No.	Wed., Nov. 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	227.67	+0.8	17.17	5.56	7.99	225.90	227.58	227.04	229.38	197.48
2	Building Materials (27)	194.28	+1.0	18.18	5.83	7.57	192.28	193.17	192.87	195.69	185.05
3	Contracting, Construction (28)	361.49	+0.1	20.53	4.49	6.99	361.01	361.85	360.84	365.32	317.39
4	Electricals (14)	530.79	+1.3	13.79	3.51	9.98	523.96	531.33	528.59	532.04	418.06
5	Engineering Contractors (14)	356.88	+0.6	18.06	6.23	7.51	354.63	358.71	356.79	363.51	260.46
6	Mechanical Engineering (72)	178.11	+0.5	18.68	6.26	7.18	177.24	178.04	178.17	179.80	154.94
8	Metals and Metal Forming (16)	160.85	+0.5	16.90	8.88	8.22	160.04	160.82	160.46	161.98	155.43
11	CONSUMER GOODS (DURABLE) (53)	200.98	+0.9	17.34	5.33	7.69	199.28	200.12	198.88	201.67	188.12
12	Lt. Electronics, Radio, TV (16)	248.01	+0.9	14.65	4.14	9.57	245.89	247.59	245.36	248.87	226.38
13	Household Goods (12)	170.46	+0.5	17.72	6.68	7.75	169.55	169.82	169.82	170.72	177.31
14	Motors and Distributors (25)	119.54	+0.9	21.81	7.04	5.75	118.46	118.49	118.16	119.99	113.72
21	CONSUMER GOODS (NON-DURABLE) (172)	205.80	+1.1	16.19	6.07	8.33	203.51	204.54	203.39	205.51	191.57
22	Breweries (14)	225.92	+0.9	15.02	6.31	9.27	223.83	224.66	224.59	226.16	218.32
23	Wines and Spirits (6)	280.28	+0.6	15.33	5.13	9.63	278.64	278.89	276.61	278.65	227.86
24	Entertainment, Catering (17)	255.83	+1.2	14.49	6.88	10.07	252.92	254.11	252.31	255.09	246.27
25	Food Manufacturing (19)	202.77	+1.1	18.77	5.50	7.11	200.66	201.83	200.25	202.56	189.21
26	Food Retailing (15)	220.55	+1.7	13.90	5.36	10.01	216.93	216.69	216.00	221.74	194.31
32	Newspapers, Publishing (12)	364.75	−0.3	21.67	6.63	6.52	365.73	367.81	367.89	370.64	322.63
33	Packaging and Paper (15)	132.29	+1.9	19.47	7.53	6.77	129.89	131.62	130.23	132.12	124.27
34	Stores (40)	194.12	+1.1	11.85	4.79	12.13	192.07	193.48	192.09	193.68	184.58
35	Textiles (25)	172.98	+0.5	18.89	8.46	6.87	172.04	173.46	173.66	175.69	162.94
36	Tobaccos (3)	229.24	+1.6	24.01	8.18	4.93	225.68	225.68	224.19	225.87	210.15
37	Toys and Games (6)	93.53	+3.2	24.24	6.91	4.82	90.65	90.12	92.77	94.74	103.27
41	OTHER GROUPS (99)	192.33	+0.8	16.19	6.42	7.94	190.84	192.16	192.25	194.74	186.92
42	Chemicals (19)	273.36	+0.5	16.75	6.92	7.77	272.03	273.70	274.84	277.97	256.38
43	Pharmaceutical Products (7)	240.43	+0.8	11.54	4.84	10.50	238.44	240.96	241.82	244.42	0.00
44	Office Equipment (6)	127.06	+1.5	19.12	6.00	6.23	125.24	126.72	125.32	126.50	120.15
45	Shipping (10)	395.90	+0.5	15.28	7.68	8.30	393.90	400.63	395.78	400.83	449.82
46	Miscellaneous (57)	208.11	+1.0	18.14	6.77	7.33	206.15	206.66	206.57	209.98	192.80
49	INDUSTRIAL GROUP (495)	214.22	+0.9	16.52	5.97	8.10	212.24	213.53	212.81	215.21	198.27
51	Oils (5)	516.31	+1.0	13.53	3.89	8.02	511.26	509.82	508.35	511.88	501.77
59	500 SHARE INDEX	239.14	+0.9	16.05	5.64	8.08	236.91	238.01	237.23	239.75	223.04
61	FINANCIAL GROUP (100)	161.67	+0.9	—	6.04	—	160.31	161.12	160.35	161.55	158.18
62	Banks (6)	186.01	+0.6	25.10	6.30	5.98	184.94	186.53	185.23	188.29	181.64
63	Discount Houses (10)	208.94	+1.8	—	8.42	—	205.32	204.75	203.82	202.79	197.55
64	Hire Purchase (5)	139.48	+1.8	17.46	5.91	7.56	137.02	137.13	136.39	137.18	156.35
65	Insurance (Life) (10)	130.02	+1.6	—	7.22	—	127.95	129.11	128.26	129.82	130.94
66	Insurance (Composite) (7)	121.07	+1.0	—	7.24	—	119.89	120.25	119.23	119.03	126.71
67	Insurance Brokers (10)	314.39	+0.2	15.20	5.32	9.39	313.66	314.12	319.24	321.58	308.88
68	Merchant Banks (14)	76.21	+0.3	—	6.43	—	75.97	75.80	75.67	76.29	79.52
69	Property (31)	250.04	+1.1	3.73	3.01	44.67	247.35	248.64	248.27	249.78	213.16
70	Miscellaneous (7)	106.75	—	23.70	7.88	5.46	106.79	106.92	104.74	104.71	101.43
71	Investment Trusts (50)	201.66	+0.7	—	5.29	—	200.18	200.01	200.49	201.33	190.30
81	Mining Finance (4)	100.55	+1.4	18.69	7.08	6.59	99.17	100.94	100.14	102.95	89.43
91	Overseas Traders (19)	302.24	+0.5	16.34	7.77	7.67	300.71	305.48	306.04	309.49	268.94
99	ALL-SHARE INDEX (673)	218.21	+0.9	—	5.77	—	216.23	217.31	216.60	218.80	204.70

FIXED INTEREST PRICE INDICES

	British Government	Tues., Nov. 21	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.18	+0.22	—	8.19
2	5-15 years	111.96	+0.37	—	8.32
3	Over 15 years	116.10	+0.37	—	12.55
4	Irredeemables	120.58	+0.35	—	13.32
5	All stocks	109.81	+0.31	—	9.91

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues., Nov. 21	Mon., Nov. 20	Year ago (approx.)
1	Low	5 years	9.61	9.68	6.78
2	Coupons	15 years	11.49	11.53	9.90
3		25 years	12.20	12.25	10.55
4	Medium	5 years	12.63	12.70	9.54
5	Coupons	15 years	12.70	12.75	10.63
6		25 years	12.70	12.75	10.87
7	High	5 years	12.61	12.71	10.03
8	Coupons	15 years	13.25	13.30	11.69
9		25 years	13.33	13.37	11.76
10	Irredeemables		12.12	12.15	10.64

		Tues., Nov. 21 Index No.	Tues., Nov. 21 Yield %	Mon., Nov. 20	Friday Nov. 17	Thurs., Nov. 16	Wed., Nov. 15	Tues., Nov. 14	Mon., Nov. 13	Friday Nov. 10	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.14	‡13.45	55.14	55.14	55.10	55.10	55.10	55.07	55.13	61.94
16	Investment Trust Prefs. (15)	51.54	13.57	51.54	51.54	51.54	51.54	51.54	51.45	51.45	57.14
17	Coml. and Indl. Prefs. (20)	71.62	13.05	71.62	71.61	71.52	71.52	71.56	71.60	71.78	77.68

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

ART GALLERIES

AGNEW GALLERY. 43 Old Bond St. W.1. 01-629 6176. DRAWINGS FOR CHRISTMAS PRESENTS. Until 22 Dec. Mon.-Fri. 9.30-5.30; Thurs. until 7.

AGNEW GALLERIES. 43, Old Bond St., W.1. 01-629 6176. DUTCH AND FLEMISH PICTURES FROM SCOTTISH COLLECTIONS. A loan exhibition in aid of the National Trust for Scotland. Until 8 December. Entrance fee 80p. And FRAGONARD DRAWINGS for Orlando Furioso. Until 15 December. Mon.-Fri. 9.30-5.30. Thurs. until 7.

COLNAGHI. 14, Old Bond Street, London, W.1. 01-491 7408. PICTURES FROM THE GRAND TOUR. 14 Nov.-15 Dec. Mon.-Fri. 10.00-6.00. Sats. 10.00-1.00.

DAVID CARRITT LIMITED, 15 Duke Street, St. James's, S.W.1. SEURAT Paintings and Drawings. Until 15 December. Mon.-Fri. 10-5.

J.P.L. FINE ARTS. 24 Davies Street W.1. 01-493 2630. RAOUL DUFY drawings, watercolours, 1900-1939. Oct. 10-Dec. 8. Mon.-Fri. 10-6.

GOLDSMITH'S HALL. Foster Lane, E.C.2. "TOUCHING GOLD AND SILVER." 500 years of Hallmarks. Until Nov. 30th. Free 10.30-5.30 daily, not Sundays.

MAAS GALLERY. Exhibition of watercolours, drawings and oils by JOHN WARD, R.A., at 15a Clifford Street, New Bond Street, W.1. Mon.-Fri. 10-5. Until November 24th.

RICHARD GREEN GALLERY. 4, New Bond Street, London, W.1. 01-499 5487. THE VICTORIAN SCENE. Daily 10.00-6.00. Sats. 10.00-12.30. Opens November 22nd.

RICHARD GREEN GALLERY, 36, Dover Street, London, W.1. 01-491 3277. CHRISTMAS EXHIBITION OF PAINTINGS UNDER £3,000. Daily 10.00-5.00. Sats. 10.00-12.30. Opens November 22nd.

SLOANE STREET GALLERY. Recent sculptures by ALEXANDER in Stone, Marble, Bronze and Silver. 16th Oct.-30th Nov., Mon.-Fri. 10-5.30. Sat. 10-2.

ST. PAUL'S GALLERY, 5 Ave Maria Lane, E.C.4 (off Ludgate Hill). 01-248 5339. Oil and Watercolour Paintings. Sculpture, Framed and Unframed Fine Art Reproductions including Signed Limited Edition Prints. Open 9.00-5.00 Mon.-Fri.

THACKERAY GALLERY. 18 Thackeray St., Kensington Square, W.8. 01-937 5883. JACQUES KUPFERMANN. Until 24 Nov.

هكذا وجد الأصل

Christmas Gifts

PERSONAL

ALDENHAM School Scholarships 1979 Prospectus now available. Music Exam *in March; Academic & Art in May.* Max awards at ½ fees. Phone Radlett (092 76) 6131.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	33.6	35.7	+0.3	4.43
Abbey Income	40.1	42.7	+0.3	6.24
Abbey Inv. Tst. Fd.	34.5	36.7	.....	5.17
Abbey Gen. Tst.	45.6	48.5	+0.4	4.28
Equitas Prog. Tst.	65.0	68.5xd	+0.6	4.74

Allied-Hambro Group♥ (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	65.7	70.3	+0.4	5.76
Brit. Inds. Fund	62.9	67.3xd	+0.4	5.76
Grth. & Inc.	36.5	39.1	+0.4	5.37
Elect. & Ind. Dev.	34.0	36.4xd	+0.2	4.86
Allied Capital	67.7	72.4	+0.5	4.70
Hambro Fund	106.3	113.7	+0.6	5.37
Hambro Acc. Fd.	121.2	129.7xd	+1.0	4.97
Income Funds				
High Yield Fd.	70.9	75.9	+0.2	8.30
High Income	65.4	70.0	+0.3	7.07
A.H. Eq. Inc.	39.2	41.9	+0.2	7.16
International Funds				
International	25.5	27.3	+0.2	2.49
Pacific Fund	43.2	46.2	+0.9	2.16
Secs. Of America	49.7	53.2xd	+0.4	2.16
U.S.A. Exempt	88.4	93.0	+0.9	1.61
Specialist Funds				
Smaller Co.'s Fd	35.9	38.4	-0.1	4.82
2nd Smlr. Co's Fd.	46.0	49.2	.....	4.86
Recovery Sits.	94.2	100.8	.....	5.11
Met. Min. & C'dty.	39.2	41.9xd	+0.3	5.47
Overseas Earnings	57.8	61.8	+0.5	4.69
Expt. Smlr. Co's	232.1	244.3	+0.1	5.32

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	49.2	53.0	-1.2	5.25

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	175	185	.....	9.09

Arbuthnot Securities Ltd. (a)(c)
37, Queen St. London EC4R 1BY 01-236 5281

High Yield	43.8	47.3xd	.....	11.74
(Accum. Units)	64.0	69.1xd	.....	11.74
Extra Income Fd.	106.4	112.5xd	-0.1	10.98
High Inc. Fund	40.8	43.9	+1.3	9.17
(Accum. Units)	56.9	61.2	+1.8	9.17
(9½% Wdrwl. Uts.)	54.4	58.5	+1.8	9.17
Preference Fund	25.0	26.9	.....	12.19
(Accum. Units)	38.7	41.7	.....	12.19
Capital Fund	18.4	19.8	.....	—
Commodity Fund	58.1	62.5xd	-0.3	6.02
(Accum. Units)	84.7	91.2xd	-0.5	6.02
(10% W'drwl. U.)	49.1	52.9xd	-0.3	6.02
Fin. & Prop. Fd.	16.3	17.6	-0.1	3.87
Giants Fund	36.6	39.5	+0.3	2.53
(Accum. Units)	42.8	46.2	+0.2	2.53
Growth Fund	32.5	35.1	+0.2	2.57
(Accum. Units)	38.9	42.0	+0.1	2.57
Smaller Co's Fd.	25.2	27.2xd	+0.1	4.30
Eastern & Intl. Fd.	22.6	24.4	+0.5	1.43
(6% W'drwl. Uts.)	17.2	18.6	+0.3	1.43
Foreign Fd.	80.4	86.5	.....	1.60
N. Amer. & Int. Fd.	26.1	28.1	.....	8.09

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	82.5	87.8	.....	6.06

Prices at Nov. 16. Next sub. day Nov. 23.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252 Romford Rd. E7. 01-534 5544

Unicorn America	30.2	32.7	+0.4	1.38
Do. Aust. Acc.	69.0	74.6	-0.1	1.92
Do. Aust. Inc.	54.4	58.8	-0.1	1.92
Do. Capital	65.8	71.1	+0.5	4.58
Do. Exempt Tst.	107.6	112.1	+0.5	6.49
Do. Extra Income	28.2	30.5	+0.1	8.60
Do. Financial	60.4	65.3	+0.4	5.25
Do. 500	74.4	80.4	+0.2	6.18
Do. General	31.4	33.9	+0.2	6.25
Do. Growth Acc.	41.2	44.5	+0.4	4.37
Do. Income Tst.	84.4	91.2	+0.5	6.48
*Do. Prf. A'ns. Tst.	145.5	153.2	.....	4.95
Prices at Oct. 31. Next sub. day Nov. 29.				
Do. Recovery	43.9	47.5	+0.2	6.11
Do. Trustee Fund	115.3	124.7	+1.1	5.25
Do. W'ldwide Tst.	49.8	53.8	+0.5	2.37
B'tst. In. Fd. Inc.	57.9	62.4	+0.9	5.39
Do. Accum.	67.5	72.7	+1.0	5.39

Baring Brothers & Co. Ltd.♥ (a)(x)
88, Leadenhall St., E.C.3. 01-588 2830

Stratton Tst.	172.8	180.4	.....	4.24
Do. Accum.	217.0	226.2	.....	4.24

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	41.4	44.6	.....	1.25
Capital Tst.	128.0	137.8	.....	3.54
Income Tst.	106.4	113.0xd	.....	6.84
Int. Growth Fd.	106.6	113.4xd	.....	2.45
Do. Accum.	111.0	118.0	.....	2.45

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	42.2	45.1xd	+0.2	4.84
Do. Accum.	55.8	59.6	+0.4	4.84

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	80.1	85.2	+0.6	3.50
Do. Acc.	97.3	103.2	+0.8	3.50
G.T. Inc. Fd. Un.	157.9	167.9	+4.8	8.50
G.T. U.S. & Gen.	119.0	126.5xd	+1.6	3.10
G.T. Japan & Gen.	90.2	94.9	+0.3	1.10
ØGt. Pens. Ex. Fd.	133.1	139.7	-2.9	3.90
G.T. Int'l. Fund	141.7	150.7	-3.9	2.00
G.T. Four Yds. Fd.	54.9	58.4	.....	7.10

G. & A. Trust (a)(g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	32.1	34.3xd	+0.2	4.84

Gartmore Fund Managers ♥ (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(z)American Tst.	24.0	25.8	+0.3	0.30
British Tst. (Acc.)	54.9	59.0	+0.3	3.51
Commodity Share	144.4	155.3	+0.7	3.84
Extra Income Tst.	24.2	26.0xd	.....	8.98
(z)Far East Trust	33.5	36.0	+0.3	0.49
High Income Tst.	58.9	63.3	.....	9.21
Income Fund	72.0	77.4	+0.3	7.38
Ins. Agencies	13.44	14.31	+0.09	3.43
Intl. Exempt Fd.	86.5	93.8	+0.2	5.36
(z)Intl. Tst. (Acc.)	29.3	31.7xd	+0.3	0.94

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3, Frederick's Pl., Old Jewry, EC2. 01-588 4111

(a) A.G. Income*	41.2	44.8xd	.....	9.30
(a) A.G. Growth††	38.2	41.2	.....	5.70
(a) A.G. Far East*	24.6	26.7	.....	2.0

Dealing *Tues. ††Wed.

Govett (John)♥
77, London Wall, E.C.2. 01-588 5620

S'hldr. Nov. 17	138.6	148.9	.....	2.07
Do. Accum. Unit	164.1	175.9	.....	2.07

Next dealing day Dec. 1.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Barrington Nov. 15	211.0	220.5	.....	5.48
(Accum. Units)	231.6	242.1	.....	5.48
Bing. H. Yd. Nov. 16	175.5	183.8	.....	8.91
(Accum. Units)	208.7	218.6	.....	8.91
Endeav. Nov. 21	214.9	225.1xd	-8.5	3.13
(Accum. Units)	224.1	234.7	-8.9	3.13
Grnchstr. Nov. 17	87.8	91.8	.....	3.44
(Accum. Units)	91.1	95.3	.....	3.44
Ln. & Brsls. Nov. 15	72.6	74.8	.....	3.90
(Accum. Units)	75.3	78.6	.....	3.90

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	91.2	94.5	+0.7	4.55

Henderson Administration♥ (a)(c)(g)
Premier UT Admin., 5 Rayleigh Road, Hutton, Brentwood, Essex. 0277-217238

U.K. Funds				
Cabot Recovery	45.7	48.1	.....	6.24
Cap. Growth Inc.	44.6	47.5	+0.2	3.04
Cap. Growth Acc.	45.7	48.7	+0.2	3.04
Income & Assets	33.1	35.2	+0.1	6.41
High Income Funds				
High Income	61.3	65.6xd	-0.1	7.99
Cabot Extra Inc.	55.8	59.7	+0.1	8.95
Cabot Pref. & Gilt	48.8	51.4	-0.1	12.02
Sector Funds				
Financial & ITU	25.0	26.6xd	.....	3.27
Oil & Nat. Res.	26.4	28.1	.....	2.10
International				
Cabot	87.3	93.0xd	+0.9	2.75
International	31.3	33.3xd	+0.4	1.66
Wdl. Wide Nov. 17	72.2	77.2	.....	4.71
Overseas Funds				
Australian	33.1	35.8	-0.3	2.05
European	44.3	47.9xd	-0.2	3.27
Far East	79.2	85.5	+1.0	3.00
N. Am.	36.6	39.5	+0.3	1.90
Cabot Am. Sm.	44.4	48.0xd	-0.7	1.98
Exempt Funds				
Japan Exempt	100.2	104.6	.....	3.86

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Nov. 15	37.3	39.3	.....	3.88
Exempt Oct. 31	100.0	104.0	.....	5.38

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333

MLA Units	45.3	47.6	.....	3.99

Murray Johnstone U.T. Mgmt.♥ (a)
163 Hope Street, Glasgow, G2 2UH 041-221 5521

MJ European	82.0	87.3	.....	3.63

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	50.5	53.9	-0.1	6.49
Mutual Inc. Tst.	67.7	73.0	-0.3	7.37
Mutual Blue Chip	42.5	46.0	-0.1	6.87
Mutual High Yld.	54.8	59.0	-0.3	9.15

National and Commercial
31, St. Andrew Square, Edinburgh 031-556 9151

Income Nov. 15	157.2	163.0	.....	5.90
(Accum. Units)	215.2	223.2	.....	5.86
Capt. Nov. 15	128.4	131.2	.....	4.08
(Accum. Units)	156.6	162.4	.....	4.08

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH 01-623 4200

N.P.I. Gth. Un. Tst.	45.6	48.6xd	.....	5.05
(Accum. Units)	56.6	60.3	.....	5.05
NPI O'seas. Trust	132.2	139.9xd	.....	2.30
(Accum. Units)**	142.0	150.3	.....	2.30

**Prices on Oct. 26. Next dealing Nov. 30.
*Prices on Nov. 1. Next dealing Nov. 15.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	64.5	69.3	.....	4.42
Extra Inc.	65.3	70.2xd	.....	8.15
Financial	33.0	35.4	.....	5.70
Growth Inv.	85.6	92.0	.....	5.21
Income	34.0	36.5	.....	7.09
Portfolio Inv. Fd.	70.8	74.1	.....	5.83
Universal Fd.(d)	53.0	56.9xd	.....	2.55

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	58.5	61.5	+0.5	5.76
Nelstar High Inc.	48.5	51.0	+0.1	8.15

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	354.4	373.0	+2.7	5.48

Pearl Trust Managers Ltd. (a)(g)(z)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	23.4	25.2	.....	5.04
Accum Units	27.8	29.9	.....	5.04
Pearl Inc.	32.2	34.7	.....	7.38
Pearl Unit Tst.	35.2	37.9	.....	5.28
(Accum. Units)	45.5	49.0	.....	5.28

Pelican Units Admin. Ltd. (g)(x)
81 Fountain St., Manchester 061-236 5685

Pelican Units	84.1	90.4xd	+0.3	4.98

Perpetual Unit Trust Mngmt.♥ (a)
48 Hart St., Henley on Thames 04912 6868

P'petual Gp. Gth.	39.4	42.4	.....	4.63

Piccadilly Unit Trust (a)(b)
Antony Gibbs Unit Trust Managers Ltd.
3, Frederick's Place, Old Jewry, EC2R 8HD. 01-588 4111

Extra Income	28.4	30.9	+0.1	10.70
Small Co's Fd.	37.4	40.5	+0.1	7.50
Capital Fund	41.2	44.9xd	.....	6.60
Int. Erns. & Assets	43.5	47.3	-0.2	6.80
Private Fund	34.8	37.8	-0.1	5.80
Accumltr. Fund	60.9	66.1	-0.3	6.40
Technology Fund	58.3	63.2xd	-0.1	6.20
Far East Fd.	25.5	27.7	+0.1	2.80
American Fund	22.1	24.0	+0.2	3.00

Practical Invest. Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq. WC1A 2RA 01-623 8893

Practical Nov. 15	146.3	155.7	.....	4.55
Accum. Units	210.9	224.4	.....	4.55

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	81.7	87.5	+0.9	3.23
High Income	114.3	122.4xd	+0.2	8.09

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH 01-405 9222

Prudential	125.5	133.0	+1.5	4.82

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	100.0	104.0	.....	4.24
Quadrant Income	129.0	133.0	.....	8.48

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	66.0	70.6	-0.9	6.16
Sekforde T. (Acc.)	44.5	47.6	.....	5.74
Sekforde T. Inc.	42.5	45.5	+0.1	5.73

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	88	96	.....	2.96
Ridgefield Income	92	98	.....	9.60

Rothschild Asset Management (g)
72-80 Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	165.1	175.5	+1.5	3.57
N.C. Engy. Res. Tst.	105.4	112.1xd	+1.0	2.62
N.C. Income Fund	144.2	153.4xd	+0.8	7.60
N.C. Intl. Fd. (Inc.)	82.2	87.4	+0.9	1.51
N.C. Intl. Fd. (Acc.)	83.2	88.5	+0.9	1.51
N.C. Smllr. Cos. Fd.	150.4	160.1	+0.2	4.83

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	122.0	129.0	.....	3.89

Prices on Nov. 15. Next dealing Dec. 15.

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Nov. 16	60.5	63.5xd	.....	1.77
Securities Nov. 21	168.5	178.5	+0.5	4.35
High Yld. Nov. 17	52.7	55.4xd	.....	8.74
(Accum. Units)	77.0	80.9	.....	8.74
Merlin Nov. 15	78.6	82.6	.....	4.39
(Accum. Units)	97.0	101.9	.....	4.39

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	66.7	70.4	.....	3.71
Income Fd.	68.5	72.3	.....	7.78

Prices at Nov. 15. Next dealing Nov. 30.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St. Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

Save & Prosper Securities Ltd.♥

International Funds				
Capital	35.9	38.6	+0.5	2.48
I.T.U.	24.1	25.9xd	+0.1	4.10
Univ. Growth	66.8	71.8xd	+0.6	1.96
Increasing Income Fund				
High-Yield	52.1	56.0	+0.2	7.73
High Income Funds				
High Return	66.1	71.0	+0.4	8.76
Income	42.1	45.2	+0.1	9.66
U.K. Funds				
UK Equity	43.1	46.3	+0.3	5.37
Overseas Funds(z)				
Europe	87.0	93.5xd	-1.1	3.33
Japan	104.8	112.6	-0.6	1.46
S.E. Asia	36.3	39.0	+1.1	1.95
U.S.	67.0	72.0	+0.3	6.63
Sector Funds				
Commodity	72.3	77.7	+0.2	4.45
Energy	67.0	72.0	+0.3	1.83
Financial Secs.	68.4	73.5	+0.5	3.49
High-Minimum Funds				
Select Internat.	243.1	256.5	+1.8	3.00
Select Income	51.9	54.7	+0.3	7.99

Save & Prosper continued
Scotbits Securities Ltd.♥

Scotbits	36.6	39.3	-0.7	4.10
Scotyield	49.9	53.6	-0.3	7.61
Scotshares	58.1	62.4	+0.2	4.64
Scot. Ex. Gth.*	241.8	253.2	.....	2.31
Scot. Ex. Yld.*	171.1	179.2	.....	7.45

*Prices at Nov. 8. Next sub. day Nov. 22.

Schlesinger Trust Mngrs. Ltd. (a)(z)
140, South Street, Dorking. (0306) 86441

Am. Exempt	21.5	22.6	+0.2	3.88
Am. Growth	26.6	28.9	-0.3	2.67
Am. Smaller Cos.	25.8	27.2	-0.9	0.46
Exempt High Yld.	26.0	27.4xd	+0.1	8.11
Exempt Mkt. Ldrs.	25.8	27.2xd	-0.3	4.45
Extra Inc. Tst.	29.0	31.3xd	-0.1	9.70
Income Dist.	39.6	43.0	+0.1	9.85
Inc. 10% Wdrwl.	29.5	32.1xd	+0.1	—
Intnl. Growth	46.2	49.7	+0.3	3.50
Inv. Tst. Units	25.1	27.0	.....	5.09
Market Leaders	27.5	29.8xd	+0.3	5.00
Nil Yield	27.6	29.7xd	+0.1	—
Pref & Gilt Trust	23.2	25.0	.....	12.34
Property Shares	26.2	28.3	+0.3	2.31
Special Sit. Tst.	31.1	33.4	+0.1	2.22
U.K. Grth. Accum.	21.8	23.4xd	+0.1	6.27
U.K. Grth. Dist.	18.8	20.2xd	+0.1	6.27

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2. 01-248 3434

Capital Nov. 21	100.4	104.0xd	-0.8	2.66
(Accum.)	122.6	127.0	-1.0	2.66
Income Nov. 21	191.7	196.6	-0.9	7.20
(Accum. Units)	284.8	295.1	-1.3	7.20
General Nov. 15	85.8	89.3	.....	4.00
(Accum. Units)	107.1	111.5	.....	4.00
Europe Nov. 16	32.6	34.6xd	.....	3.0
(Accum. Units)	36.3	38.6	.....	3.00
*Pn. & ChaFd. Nov. 21	167.8	172.9	-9.1	4.54
*SpecEx. Nov. 7	250.9	258.6	.....	3.99
*Recovery Nov. 7	197.3	203.4	.....	4.72

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq., Edinburgh 031-556 9101

Income Units	49.4	52.5	-0.4	5.37
Accum. Units	57.5	61.2	-0.4	5.37

Dealing day Wednesday.

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4. 01-236 5000

Sebag Capital Fd.	33.5	35.1	.....	4.06
Sebag Income Fd.	30.6	32.0	+0.1	8.54

Security Selection Ltd.
15-19, Lincoln's Inn Fields, WC2. 01-831 6936-9

Unvl. Gth. Tst. Acc.	24.4	26.0	+1.2	2.72
Unvl. Gth. Tst. Inc.	21.1	22.5xd	+0.9	2.72

Stewart Unit Tst. Managers Ltd. (a)
45, Charlotte Sq., Edinburgh. 031-226 3271

*Stewart American Fund				
Standard Units	55.6	59.3	.....	1.59
Accum. Units	60.4	64.6	.....	—
Withdrawal Units	44.5	47.6	.....	—
*Stewart British Capital Fund				
Standard	136.2	148.6	.....	4.20
Accum. Units	158.5	173.0	.....	4.20

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. Tst. Nov. 8	214.9	226.3	.....	4.45
♥The Family Fd.	94.6	100.6	+0.7	4.00

Target Tst. Mngrs. Ltd.♥ (a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941

Target Commodity	34.2	36.8xd	-0.4	4.74
Target Financial	58.5	63.0	+0.5	4.80
Target Equity	37.4	40.2	+0.6	6.17
Target Ex. Nov. 22	201.3	211.9xd	+2.4	7.13
♦Do. Acc. Units	279.8	294.5	+3.2	7.13
Target Gilt Fund	117.1	124.5	+0.1	3.00
Target Growth	27.6	29.7	.....	5.12
Target Pacific Fd.	24.5	26.3	+0.5	2.13
Do. Reinv. Units	27.2	29.3	+0.5	2.13
Target Inv.	31.2	33.5	+0.1	3.87
Tgt. Pr. Nov. 22	153.7	161.8xd	-0.6	4.79
Tgt. Inc.	28.2	30.3xd	+0.2	8.70
Tgt. Pref.	13.3	14.7	.....	12.30
Tgt. Special Sits.	19.5	21.0	-0.2	5.46

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Target Amer. Eagle	23.6	25.4	+0.3	1.86
Target Thistle	40.2	43.2xd	+0.3	6.11
Extra Income Fd.	59.3	63.8	+0.2	10.06

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Nov. 2	49.3	52.5	.....	5.48

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

Barbican Nov. 16	74.0	78.6	.....	5.92
(Accum. Units)	114.8	121.9	.....	5.92
Barb. Expt. Oct. 25	90.7	93.4	.....	4.04
Buckhm. Nov. 16	80.1	83.4	.....	5.21
(Accum. Units)	99.1	103.2	.....	5.21
Colemo Nov. 17	124.0	130.6	.....	6.20
(Accum. Units)	153.0	161.1	.....	6.20
Cumbld. Nov. 15	51.7	54.2	.....	7.56
(Accum. Units)	57.9	60.8	.....	7.56
Glen Nov. 21	51.3	54.5xd	-0.5	5.48
(Accum. Units)	66.8	71.1	-0.6	5.48
Marlboro Nov. 21	49.7	51.9	-0.4	3.85
(Accum. Units)	57.1	59.7	-0.4	3.85
Van Gwth. Nov. 21	48.7	51.4	-0.3	3.86
(Accum. Units)	60.6	63.9	-0.4	3.86
Van Hy. Nov. 21	70.2	73.9	-0.7	8.95
Vang. Tec. Nov. 15	44.4	46.7	.....	6.74
(Accum. Units)	46.4	48.8	.....	6.74
Wick'r Nov. 16	60.8	64.4	.....	5.15
(Accum. Units)	73.1	77.3	.....	5.15
Wick Dn. Nov. 17	65.7	70.1xd	.....	8.56
Do. Accum.	77.1	82.3	.....	8.56

Tyndall Managers Ltd.♥
18, Canynge Road, Bristol. 0272 32241

Income Nov. 15	99.0	104.0	.....	8.64
(Accum. Units)	183.2	192.4	.....	8.64
Capital Nov. 15	125.6	132.0	.....	4.77
(Accum. Units)	177.8	186.8	.....	4.77
Exempt Nov. 15	108.6	114.2	.....	8.36
(Accum. Units)	156.2	164.2	.....	8.36
Int. Earn. Nov. 15	243.4	255.6	.....	5.36
(Accum. Units)	276.4	290.4	.....	5.36
Pref. Nov. 15	105.6	112.0	.....	12.86
(Accum. Units)	133.4	141.6	.....	12.86
24, Castle St., Edinburgh. 031-225 1168				
Scot. Inc. Nov. 15	164.8	173.2	.....	9.47
Scot. Cap. Nov. 15	137.0	144.0	.....	5.55
(Accum. Units)	166.0	174.4	.....	5.55
London Wall Group 0272 32241				
Capital Growth	79.6	85.1	.....	6.50
Do. Accum.	83.3	89.1	+0.1	6.50
Extra Inc. Growth	38.1	40.9	+0.1	10.34
Do. Accum.	46.0	49.4	+0.1	10.34
Financial Prrty.	15.7	16.7	+0.1	5.21
Do. Accum.	19.4	20.7	+0.1	5.21
High Inc. Priority	61.1	65.6	-0.4	8.85
International	27.2	29.1	+0.3	2.89
Special Sits.	33.5	35.8xd	+0.2	5.48

TSB Unit Trusts (y)
21, Chantry Way, Andover, Hants. 0264 62188
Dealings to 0264 63432-3

(b)TSB General	44.5	47.7	.....	4.36
(b)Do. Accum.	57.4	61.4	+0.1	4.36
(b)TSB Income	59.2	63.0xd	-0.1	7.44
(b)Do. Accum.	63.4	67.5	-0.1	7.44
TSB Scottish	81.0	86.2xd	+0.8	2.22
(b)Do. Accum.	87.7	93.3	+0.8	2.22

Ulster Bank♥ (a)
Waring Street, Belfast. 0232 35231

(b)Ulster Growth	36.6	39.3	+0.2	5.41

Unit Trust Account & Mgmt. Ltd.
King William St. EC4R 9AR 01-623 4951

Friars Hse. Fund	38.7	40.8	.....	4.73
Wieler Grth. Fund	29.8	31.4	.....	4.84
Do. Accum.	35.0	36.9	.....	4.84

Wieler Growth Fund
King William St. EC4R 9AR 01-623 4951

Income Units	29.8	31.4	.....	4.84
Accum. Units	35.0	36.9	.....	4.84

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 470-475

INSURANCE BASE RATES

†Property Growth	10½%
‡Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	[illegible]	23½	...	—	—
[illegible]	[illegible]	[illegible]	39½	...	1½p	—
98	93	[illegible]	98	....	—	£3.10
425	350	[illegible]	411	...	4½	—
54	46	[illegible]	50	....	3½	17.20
51	46	[illegible]	49	.....	6	16.24
44	40	[illegible]	40	.....	4	15.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 38% (based on US$1.9455 per £)
Conversion factor 0.7248 (0.7285)

CANADIANS

[illegible]

S.E. List Premium 38% (based on $2.2851 per £)

BANKS AND HIRE PURCHASE

[illegible]

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
130	93	Guinness Peat	114		h5.15	—	6.3	—
217	155	Hambros	163		†9.76	—	9.2	—
100	81	Hill Samuel	84xd	+1	†4.97	—	8.6	—
600	188	Do. Warrants	200	−12	—	—	—	—
360	203	Hong Shng $2.50	247	−10	[illegible]	—	2.8	—
69	52	Jessel Toynbee	63	−4	th3.32	—	7.9	—
215	160	Joseph (Leo) £1	160	....	8.74	—	6.2	—
55	37	Keyser Ullmann	47		0.67	—	2.1	—
74	56	King & Shax 20p	62	+2	3.44	—	8.4	—
114	82	Kleinwort B.L.	89	+1	†4.18	—	7.0	—
297	242	Lloyds £1	260	+5	†9.23	4.8	5.3	5.9

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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O.F.S.

FINANCE

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AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$10⅝	.....	Q170c	1.8	18.4
$11¾	830c	East Drie R1	660c	+5	†Q73c	1.7	10.5
585c	330c	East Rand Prp. R1	390c	.....	—	—	—
$28⅜	$16½	F.S. Geduld 50c	$17	+⅓	Q315c	φ	21.4
$15⅛	975c	Pres. Brand 50c	$11	.....	Q150c	φ	15.7
$13⅜	900c	St. Helena R1	$10¼	+⅛	Q190c	φ	21.4
465c	313c	Stilfontein 50c	390c	+10	†Q22c	2.3	6.5
$17⅞	$16⅛	Vaal Reefs 50c	$17¼	.....	Q115c	3.3	7.7
$37	525	West Drie R1	$27½	+¼	Q385c	1.7	16.1
$31¼	$19	West Hldgs. 50c	$20	+¾	Q415c	φ	23.9
$12½	895c	Western Deep R2	$10	+¼	Q82.5c	2.4	9.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◇ Figures or report awaited.
- ☆ Unlisted security.
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- φ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ☆ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a [illegible] currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	.....
Ash Spinning	63xd	+3
Bertam	15	.....
Bdg'wtr. Est. 50p	323	.....
Clover Croft	28	.....
Craig & Rose £1	605	.....
[illegible]	37	.....
Ellis & McHdy.	66xd	.....
Evered	24	−1
Fife Forge	52	.....
Finlay Pkg. 5p	21	.....
Sheffield Brick	55	+1
Sheff. Refrshmt.	67	.....
Sindall (Wm.)	114	.....

IRISH

Conv. 9% '80/82	£89⅝	+⅛
Alliance Gas	97	.....
Arnott	340	−10
Carroll (P.J.)	100	−5
Clondalkin	97	.....

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday November 22 1978

Cabinet to discuss Ford sanctions

BY RICHARD EVANS AND ALAN PIKE

THE CABINET is expected to discuss tomorrow the imposition of sanctions against Ford if mass meetings *of the 57,000* strikers this morning convert the company's 17 per cent offer into a firm settlement smashing the 5 per cent pay guidelines.

Mr. James Callaghan refused to be drawn in the Commons yesterday on the Government's intentions, but it is probable that as a minimum, the Government will boycott all Ford *products.*

The belief among Ministers is that the 17 per cent pay offer represents such a damaging breach of the norm that some retaliatory action is essential in order to bolster the Government's pay policy.

But specific *Government action* might be delayed until it becomes clear whether Ford will have to increase the price of its products *to pay for the settlement.* So far, there is no indication that Ministers intend to withdraw development assistance and regional aid promised to Ford.

Mass meetings of the strikers will this morning decide whether *to follow the recommendation of* their negotiators and return to work on Friday.

Shop stewards at the Halewood plant in Liverpool yesterday decided to recommend the factory's 12,000-strong manual workforce to reject the offer. *They have, however, agreed to* abide by the majority decision of Ford plants throughout the country.

The mood of shop stewards at plants other than Halewood yesterday appeared to be in favour *of a return to work.* Men at Southampton who, with those at Halewood, were the first to begin what became a national strike, will be *recommended to return.* At Dagenham, Ford's largest British complex, shop stewards voted 107-61 in favour of accepting the offer.

Inflation

Further pressure on the strikers to return came yesterday from the Amalgamated Union of Engineering Workers, which was the first to declare the Ford strike official, when its executive endorsed the proposed settle*ment. The strike has cost the* AUEW almost £1m in dispute benefit and lost contributions, while the bill for the Transport *and General Workers Union will* be up to £2.5m.

The Prime Minister, pressed by MPs to react to the latest offer, concentrated instead in arguing that Ford workers would have benefited just as much by accepting 5 per cent and avoid*ing the cost of the nine-week* stoppage.

"There are certain consequences about increases in earnings that will have a profound effect on the rate of inflation, growth and investment, and it is my responsibility to point that out," he declared.

Mr. Callaghan urged all involved in pay negotiations to *reflect on the costs involved in* striking to achieve a pay settlement above 5 per cent.

On sanctions, he promised *that, if the Government decided* as it was entitled to do, to withhold its custom and not purchase particular products, the company concerned would be the first to know.

The assumption later was that any decision on sanctions would be announced *publicly and* that Ford would not suddenly find itself on a secret blacklist.

Mr. Eddie Loyden, a Labour Left-winger, maintained that the strike could have been avoided had Ford settled the claim in the early days of negotiations by *ignoring the guideline.*

Editorial Comment, Page 18: Parliament, Labour News, Page 12; Ford U.S. forecast, Page 34.

Lloyds plans Saturday opening at 50 banks

BY MICHAEL BLANDEN AND NICK GARNETT

LLOYDS BANK is planning to open on Saturday mornings at 50 to 60 of its branches as part of a plan, announced yesterday to extend bank hours.

The Lloyds proposals go further than those from other banks, and will require detailed negotiation with staff. The bank said that preliminary notice of the plan had been given to the staff unions.

The National Union of Bank Employees said last night that it was "appalled" at the proposals and reaffirmed its total opposition to Saturday working. It would also seek a "very high *price*" *for conceding* flexible weekday opening.

The Lloyds Staff Association, which has more Lloyds members than the union, took a more cautious view but said that it opposed any general move *towards* Saturday opening.

The Lloyds plan covers five separate points:

1: Saturday morning opening is *to be introduced for personal* business in 50 to 60 "high demand" branches in shopping and tourist areas.

2: A *personal* counter service is to be made available until 7 p.m. one day a week, not excluding Fridays, in branches where there is a special need.

3: The bank's 100 or so through-the-wall Cashpoint cash dispensers will be available *from 8 a.m.* to 9 p.m., Monday to Saturday. At present, they are available only from 9 a.m. to 7 p.m.

4: Most of the bank's 475 cash dispensers inside branches and most of its Creditpoint deposit installations will be made available for longer hours. At present, customers can use them only in banking hours, but they will become available during most of the bank's working day —effectively, from 9 am to 5 pm.

5: A limited counter service, chiefly for personal business, will be made available until about 4.30 pm in selected branches.

The first two elements are to *be introduced, Lloyds said, on a* voluntary basis for staff. The other three, however, should be achievable within the present working agreements with the staff.

The main proposals are intended to be put into effect early next year.

The move follows the recommendation of the Price Commission in its report on bank charges this year that the banks should seek more flexible hours.

Midland and Barclays have announced limited experiments in flexible hours. National Westminster has set up a joint working party to examine the *issue.*

Mr. Leif Mills, general secretary of the bank union, said that the band had handled the *issue in a "ham-fisted" manner* by not fully consulting the staff bodies.

The union, which is holding a *special* delegate conference *in* January on flexible opening, said that it would seek high cash payments and a four-day week for staff at branches involved with lengthened weekday opening.

Mr. John Bealey, the staff association's general secretary, said that if staffing was on a voluntary basis, the association *would be willing to enter discussions*, but the size of any money offer the bank made would be important.

Times talks may make progress

BY CHRISTIAN TYLER, LABOUR EDITOR

TIMES NEWSPAPERS may today register some progress in negotiations with printing unions at national level, when the wording of a new disputes procedure is expected to be agreed.

The company met leaders of *six of the seven print unions* yesterday, to discuss this part of a large package of industrial relations reforms which it has said must be agreed by *union officials* at all levels by tomorrow week.

But its threat to suspend publication of The Times, its three supplements and the Sunday Times on that day still looks as if it will be carried out because *the National Graphical Associa*tion has refused to talk to the company until the suspension threat is removed.

The unions say progress in negotiations with the 54 different bargaining units in the company is very *slow*. Only one *agreement has been made*, but a couple more may be announced soon.

Times management hopes pro*gress in its talks with the rest of* the unions will encourage the NGA to reconsider what Mr. Dugal Nisbet-Smith, director and general manager, yesterday called a "quite peculiar decision." He said: "We are not giving up hope yet."

The company *has* dropped a penalty clause from the proposed disputes procedure which could have meant fines for all staff if one group *stopped* the paper with unofficial action. It is now, apparently, looking for a procedure which will be binding but without penalties. The formula, if agreed today, would have to be endorsed by the unions' chapels (office branches).

A short statement from the company last night said that the day's talks had been "held in a *very constructive atmosphere* and considerable progress was made."

The unions represented by *general secretaries or national* officers at the talks, which resume this afternoon, are the National Society of Operative Printers, Graphical and Media Personnel, the Society of Graphical and Allied Trades, the process workers' union SLADE, the Amalgamated *Union* of Engineering Workers, the Electrical and Plumbing Trades Union and the National Union of *Journalists.*

Weather

UK TODAY

RAIN, followed by brighter, showery weather, *will spread* south from Scotland to cover most parts of the country. Scotland and Northern Ireland *will be cold but it will be mild in* much of England and Wales.

Outlook: Brighter, colder weather, spreading south to all parts. Night frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	C	12	54	Madrid	F	13	55
Athens	S	16	61	Manchstr.	C	13	55
Bahrain	S	21	70	Melbourne	S	21	70
Barcelona	S	15	59	Mexico C.	S	18	64
Beirut	S	21	70	Milan	S	8	46
Belfast	F	10	50	Montreal	S	—6	21
Belgrade	C	—1	30	Moscow	C	0	32
Berlin	S	6	43	Munich	R	6	43
Brmghm.	C	11	52	Newcastle	C	12	54
Bristol	C	13	55	New York	C	5	40
Brussels	F	9	48	Oslo	F	8	46
Budapest	Fg	0	32	Paris	S	12	54
B. Aires	S	23	73	Perth	S	35	95
Cairo	S	26	79	Prague	C	5	41
Cardiff	R	13	55	Reykjavik	C	—4	25
Chicago	C	—1	30	Rio de J'o	S	34	93
Cologne	C	8	46	Rome	S	16	61
Copnhagn.	C	9	48	Singapore	C	30	86
Dublin	C	12	54	Stockholm	C	5	41
Edinbrgh.	R	10	50	Strasbrg.	S	9	48
Frankfurt	C	7	45	Sydney	S	26	79
Geneva	C	7	45	Tehran	S	10	50
Glasgow	C	10	50	Tel Aviv	S	21	70
Helsinki	F	2	36	Tokyo	C	16	61
H. Kong	S	22	72	Toronto	C	—4	24
Jo'burg	S	27	80	Vienna	C	2	36
Lisbon	S	14	57	Warsaw	F	5	41
London	R	14	57	Zurich	R	5	41
Luxembg.	Fg	1	34				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Jersey	C	13	55
Algiers	S	19	66	Las Plms.	C	23	73
Biarritz	F	14	57	Locarno	S	8	46
Blackpool	F	13	55	Majorca	C	16	61
Bordeaux	F	7	45	Malaga	F	17	63
Boulogne	R	12	54	Malta	S	18	64
Casblnca.	S	19	66	Nairobi	R	18	64
Cape Tn.	S	25	76	Naples	S	15	59
Corfu	S	17	63	Nice	S	17	63
Dubrovnik	S	14	57	Nicosia	S	21	70
Faro	S	18	64	Oporto	S	15	59
Florence	S	9	48	Rhodes	S	16	61
Funchal	F	20	68	Salzburg	F	6	43
Gibraltar	F	17	63	Tangier	S	21	70
Guernsey	C	12	54	Tenerife	F	16	61
Innsbruck	S	9	48	Tunis	F	16	61
Inverness	F	11	52	Valencia	F	15	59
I. of Man	C	12	54	Venice	S	9	48
Istanbul	S	12	54				

C—Cloudy. F—Fair. R—Rain. S—Sunny. Fg—Fog.

Israel agrees to sign draft peace treaty

BY L. DANIEL — TEL AVIV, Nov. 21.

ISRAEL is ready to sign a peace treaty with Egypt, but only on the basis of the draft drawn up in Washington at the end of last *month*, the Israeli Government announced today.

After a five-hour meeting, the Cabinet voted 15 to two for acceptance, but with the crucial reservation that it did not accept the Egyptian proposals made since then.

Reacting to the Israeli decision, Egypt decided to recall Gen. Kamal Ali, the Defence Minister and head of her delegation in Washington, to Cairo for consultations.

The Israeli Cabinet did not originally confirm the draft treaty because its preamble linked an Egyptian Israeli agreement with the proposed ad*ministrative autonomy on the* West Bank and in the Gaza Strip, as well as a clause on the future of the Gaza Strip.

It was only after Mr. Moshe Dayan convinced Mr. Menahem *Begin*, the Prime Minister, that there was no chance of getting these two points changed that Mr. Begin and Mr. Ejer Weizman, the Defence Minister, decided to recommend acceptance to the Cabinet.

The draft which the Cabinet endorsed today does not provide for a timetable for autonomy.

Jeopardises

The Israeli Government remains opposed to such a timetable in case it cannot meet the deadline, and thus jeopardises *implementation of the Egyptian*-Israeli peace treaty itself.

The Cabinet reafirmed today that it would start talks on *autonomy immediately the treaty* had been ratified, as provided in the Framework for Peace in the Middle East agreement at Camp David.

Thus the sticking point over the timing of changes on the West Bank and Gaza Strip remains unresolved.

But there is a feeling here that a compromise formula is in the making. Well-informed observers think that neither Mr. Sadat nor Mr. Begin wants negotiations to founder at the eleventh hour, or to make a mockery of the Nobel Prize awards.

Good faith

In return for the Israeli climb-down on reference to the linkage in the preamble and the clause on Gaza, Jerusalem expects Cairo to drop its demand for deletion of that clause in the draft treaty which provides that the Egyptian-Israeli agreement will take precedence over anti-Israeli pacts which Egypt has signed in the past.

This, perhaps more than any other point, is regarded as a test of good faith.

Other demands by Egypt since the draft treaty was drawn up include stationing of an Egyptian police force in Gaza, setting-up of a special Egyptian representation there, and submission by Israel of a stage-by-stage *timetable* for withdrawal of Israeli forces in Sinai in the nine months following ratification of the treaty.

These Egyptian demands have also been rejected by Israel.

But these are essentially *minor points*, and the Israeli Army has already started, it says, removing some non-combatant equipment from that part of Sinai to be evacuated *in the* nine months.

It remains to be seen if another Sadat-Begin-Carter meeting is needed to resolve the two main remaining issues, linkage, and the clause giving the Egyptian-Israeli treaty precedence over previous Egyptian obligations.

Mr. Begin refused to answer questions after the Cabinet meeting, saying he would do so only after briefing the Knesset Foreign Affairs and Security Committee tomorrow.

Welsh mines study group appointed

BY JOHN LLOYD

THE GOVERNMENT has *appointed* a committee to study the South Wales area of the National Coal Board, which lost £27m last year and is heading *for a larger deficit in the current* financial year.

At the same time, Mr. Philip Weekes, the area director, is negotiating with the National Union of Mineworkers over the closure of one of the area's more *unprofitable* pits, Deep Duffryn, which employs 470 mineworkers.

The study group, announced in the Commons by Mr. Alex *Eadie, a junior Energy Minister*, will be a tri-partite one, with representatives from Government, Coal Board and the mining unions.

The area as a whole is facing severe problems. Productivity is low—it tends to have a higher absentee rate than other areas—geological conditions are adverse, and the mines are old, with some coming to the end of their lives.

Last year's loss was up from £14.6m in the previous year, and more than double that made by the next biggest loss-maker, Western area, with a £13.3m deficit. It loses around £2.76 on *a tonne of coal, against* a national profit of 63p.

Mr. Weekes believes the investment which has been *undertaken in the area since* the Coal Board's Plan for Coal in 1974 reversed the downward trend in investment will mean it can be profitable by the *1980s*.

assuming the older mines can be closed.

The Deep Duffryn closure is being opposed by the area Mineworkers Union, which has re*ferred the matter to its national* executive. The executive will discuss the closure at its next meeting in December.

The area Coal Board says there is enough work in surrounding pits, within a 12-mile radius, for mineworkers who wish to continue in Coal Board employment. The closest pits are Taff Merthyr—where a £9m improve*ment scheme* has recently been completed—Merthyr Vale and Trelewis Drift, the most productive colliery in the area.

On November 2, *Mr. Weeks* told the South Wales miners' representatives that he could see no possibility of keeping the pit open. The decision followed some years of negotiations on the pit between the Coal Board and union leaders in the area, during which various proposals were rejected by the Coal Board as being too costly.

It is believed that Coal Board chiefs in London have formally supported the Welsh Board decision, and told the union's *national leaders that* Deep Duffryn should be closed.

Deep Duffryn, which was sunk in 1850, is the oldest pit in South *Wales. In the past four years*, accumulated losses have totalled £5.5m, and over the past year, it has shown a loss of £7.50 per *tonne of coal produced.*

THE LEX COLUMN

A time of change at Metal Box

Metal Box's £35.9m *rights* issue comes at a time of upheaval in its main activities. The starting point is the growth in the market for beverage cans, rising about 6 per cent annually. With this has come the introduction of two piece cans, which are rapidly replacing the traditional three piece version and are apparently the automatic choice of customers if available.

At the same time the cosy *trading arrangement* with Continental Can has disappeared—which means that Metal Box can now move into new areas overseas but also has to face more competition on the home front. The group says that the stock market's reaction in recent weeks to news of Continental Can's plans for UK investment has been overdone. But it also admits that its plans to accelerate the rate of spending on the new technology are designed to stop the competition from grabbing a once-off opportunity.

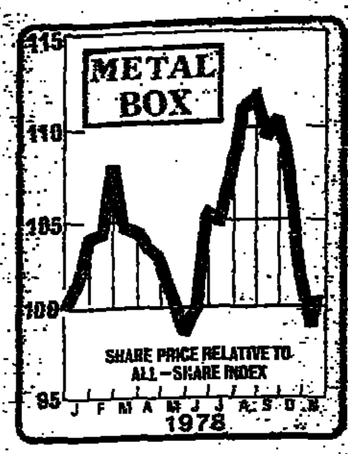
Around a quarter of its *beverage cans are currently of* the two piece variety; by the early 1980s, this could be nearer 100 per cent.

This very substantial spending is defensive to the extent that it is protecting the group's existing position in the market place. On the offensive tack, it has already made significant invest*ments in the U.S., and plans* more. It is also investing heavily on its central heating business, which is booming. With debt currently representing roughly half shareholders' funds, it could have got by without the rights *issue — its second within four* years. But it wants to be able to keep all its investment options open.

The question is whether the new money will enable a strong business to grow stronger, or whether it will be swallowed up in an increasingly competitive environment. At the moment, the stock market may well take the bullish view. The shares, which have been very weak lately, *now yield 9 per cent on* an ex-rights basis, and pre-tax profits at the interim stage are up a quarter at £31.4m compared with last year's strike-torn first half. For the year, they could rise from £55.8m to around £63m.

But there are a lot of unanswered questions for the longer term. Metal Box does not expect that the switch to two-piece equipment will bring any significant write offs, but its production record in this area so far has not been altogether smooth.

Index rose 5.2 to 474.0



Allied Breweries

A marked *improvement* in UK beer, *wine and spirits sales* in the last six weeks of the year has helped Allied Breweries to a 17 per cent increase in the year's profits, which come out at £90.2m pre-tax. After a 14 per cent improvement at the interim stage Allied comes out 19 per cent ahead in the final 21 weeks—with sales during the *same period up less than 15 per* cent.

The margin improvement appears to have been most significant on the UK beer side, though this probably reflects the continual benefit of last January's *price increase* rather than any above-average volume gains. The recently-completed *reorganisation* may also be starting to show through. Wines, spirits and soft drinks started the year slowly, with a disappointing Christmas and a poor spring, but here too a late summer rally reflected the impact of *more consumer spend*ing. Elsewhere, international beers sales and profits have been flat while the hotels, which account for less than 2 per cent of group profits, have had an "encouraging" year.

Allied's decision to extend this accounting period to the end of February means that the next set of figures will cover 17 months, and include five months of the J. Lyons' results. So it will be some time before comparisons can be made. Still, yesterday's figures did not disappoint the market and the shares closed 1½p higher at 84p.

On a 28 per cent tax charge the multiple is about 7.

U.S. gold auction

Yesterday's monthly U.S. gold auction was watched with more than usual interest here in Europe. The amount on offer—700,000 ozs—was more than double the previous monthly quota and provided the first real test of the gold market's stamina now that it is faced with *sharply higher* U.S. sales. Next month the U.S. authorities plan to sell "at least" 1½m ozs.

Immediately ahead of the auction the gold price touched $203 per oz helped by short covering from New York. However, as the U.S. authorities began announcing the bids the gold price started to move lower and the initial reaction of gold dealers in Europe was *not* encouraging. Most of the familiar faces found at earlier monthly auctions were still there, but the total amount bid for (just under 1m ozs) was *considerably* below normal. In addition one or two usually highly active participants such as Dresdner Bank kept a very low profile although as might be expected the Swiss banks—led by Swiss Bank Corp.—were there in force. Altogether there were understood to be 25 bidders and the unofficial cut-off *price was believed to be* around $197.

This should give some guide as to where the price will open in London this morning. However, the key question of whether the market can digest 1½m *ozs* per month has still to be answered. The low volume of bids at yesterday's auction was not very auspicious.

GEC

The short term financial implications of GEC's £52m foray into the U.S.—via an agreed bid for A. B. Dick—are negligible. The company should cover its financing costs in year one, and will have scarcely *any impact on the profile of a* group of GEC's size. But the suggestion is that this is only the first step in a process which over the next year or so could considerably alter GEC's future shape. The next pieces in the jigsaw—including more acquisitions—have apparently already been identified, and the picture that could emerge *might* be of a group much more heavily committed to communication systems in offices, shops and factories.

Government to phase out road tax

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT has decided to phase out the £50 road fund licence by 1983, and to increase the price of petrol *gradually to compensate for the* potential loss of revenue.

The move will cost 2,000 jobs. About 800 of these are expected to be at the Driver and Vehicle Licensing Centre, Swansea. This will be achieved by natural *wastage which at Swansea is* running at 800 a year. The centre currently employs 5,000.

The Department of Transport calculates *that 19p a gallon will* have to be added to petrol duty to make up for the loss of vehicle excise duty, which is expected to yield £840m in 1978-79.

The change should have a broadly neutral effect on the *retail price index and on the* revenue.

Mr. William Rodgers, Minister of Transport, said yesterday: "*The majority of motorists will* be better off or will find little or no change in their motoring costs. This is a bold decision which will be widely welcomed."

According to his Department's statistics, any motorist who travels up to 7,500 miles a year at an average of 30 miles to the gallon would at least break *even, if petrol went up by 20p* a gallon and the road fund licence was abolished.

The extra cost would be £17 a year or 32p a week for a private motorist travelling 10,000 miles a year.

Consumers

Mr. Rodgers admitted that the move would leave rural motorists "*a few pence worse off each* week." Taxi and hire car fees would also have to rise to take account of the substantial increase in costs.

The RAC and the Road Haulage Association maintained *that the change would involve* extra costs for the business motorist and the haulage industry, and these would be passed on to *consumers.*

Mr. Norman Fowler, the shadow Transport Minister, raised various questions about the Government's proposals, but did not express outright opposition. However, Welsh Nationalist MPs said they would strenuously oppose the proposed measures because of "their devastating *effect on rural areas.*"

Mr. Rodgers said that the change would save the taxpayer £20m in administration costs.

It would stop evasion. A study completed *in July* showed that between 7 and 9 per cent of motorists were evading road fund licence payments at a cost in revenue of between £50m and £63m a year.

It would also relieve pressure on the courts, which heard 165,000 evasion cases in 1977—and evasion appears to be on the increase.

The Department of Transport estimates that a 20p-a-gallon increase in the petrol price would reduce demand by up to 5 per cent, and save up to £75m on the UK's fuel bill at 1978-79 prices.

The timing of the change is connected with the computers at Swansea, which reach the end of their useful life in 1983.

But the Government also believes that British car makers are now in a better position to cope with a move which can be expected to increase demand for smaller and less profitable cars.

Importers

The Society of Motor Manufacturers and Traders last night welcomed the discussion paper outlining the proposed changes. It recalled that it had strongly opposed such a plan when first mooted four years ago "because it would have caused a significant shift in car buying patterns which *might have favoured the smaller* cars in which importers were stronger.

"But the situation has changed in the *intervening* period, and there will be further changes which the British industry can make over the five-year phase-in period."

Mr. Rodgers said that it will almost certainly be necessary to retain duty on DERV and vehicle excise duty on heavy goods vehicles "to enable the total tax paid to be related directly to the *road track costs of the vehicle.*"

News analysis, Page 10

Continued from Page 1

Metal Box

houghton, Lancs., where it pro*duces two-piece cans.*

In spite of the fact that this type of container can be made at 20 per cent less cost to the manufacturer than the traditional three-piece can, Metal Box had made no profit on this operation until recently.

Four new lines, two for food cans and two for beer cans, are due to come on stream early next *year at a new factory at* Braunstone, Leics., the result of a £40m investment

The group is negotiating with its workers on pay, and hopes that an offer on productivity will prevent a recurrence of the earlier labour troubles.

Metal Box has about 70 per cent of the total British market for cans, though its market share *in two-piece cans is slightly* below this.

Machinery for the four new lines announced yesterday has already *been ordered*, and it is expected that they will come on stream by 1980.

Sir Alex said that "the expan*sion would have gone ahead in* any case, but over a period of five years rather than two." By bringing forward the plans it is hoped that Metal Box's competitors will be forestalled from planning further expansion.

A major problem faced by can manufacturers in the past two years has been frequent price increases for tinplate by the *British Steel Corporation.*

The rate of increase has recently slowed down considerably, and this is expected to give a new edge to the competitiveness of cans with the glass-packaging industry.

Grant given for rail link

THE Welsh Office is to make a grant under the 1974 Railways Act of more than £1m to the National Coal Board for a rail link in South Wales between the new Treforgan Colliery development and the nearby Dulais Valley branchline.

It will enable more than 500,000 tonnes of coal a year to be taken by rail rather than road *to an NCB washery in the Neath* Valley.

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